

Sustainable Growth for Green Indonesia





SUSTAINABLE GROWTH FOR GREEN INDONESIA

The Company affirms its role as the main driver in achieving sustainable economic growth amid the dynamics of the housing ecosystem. The Company continues to strive for innovative solutions that not only drive development but also integrate the fulfillment of environmental, social, and economic interests.

"Sustainable Growth" for the Company is not merely a term but an integral commitment to conduct operations and financial activities with a focus on long-term positive impacts on the economy, society, and the environment. Sustainable economic growth, in the Company's view, encompasses not only achieving financial targets but is also rooted in sustainability principles, including environmental, social, and governance (ESG).

The Company considers sustainable financial principles and ESG as the main pillars to achieve sustainable growth. ESG principles are realized through the development of frameworks, strategies, and ESG roadmaps. Through the implementation of ESG, the Company can systematically integrate environmental, social, and governance factors in supporting environmentally friendly housing initiatives, align financing portfolios with sustainable business activity categories, and ensure financial inclusion for a broader community.

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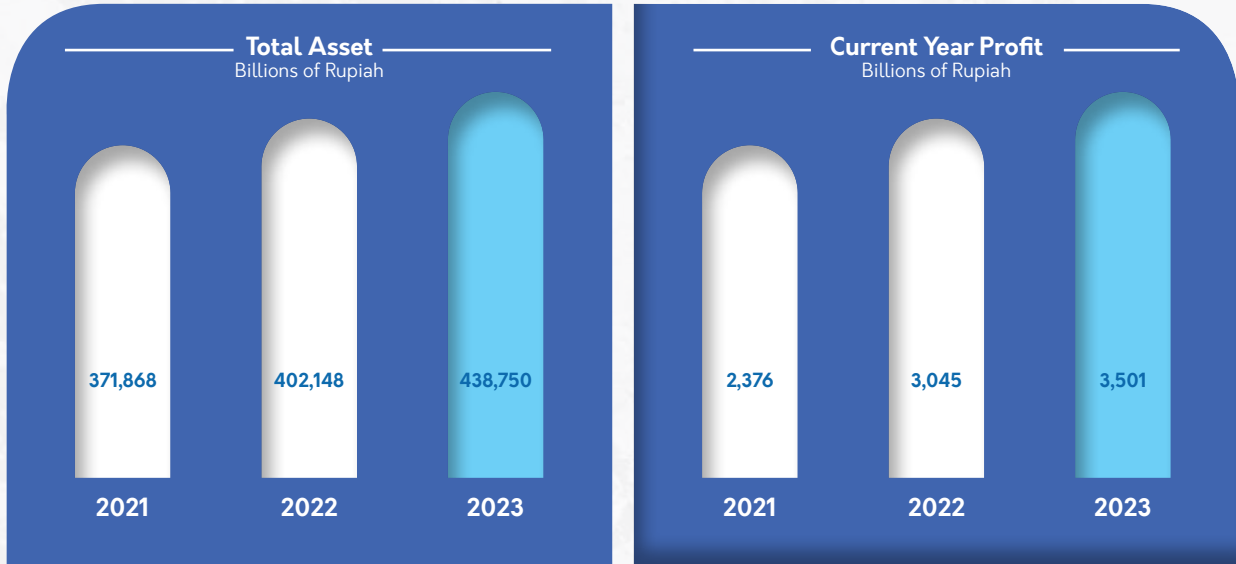
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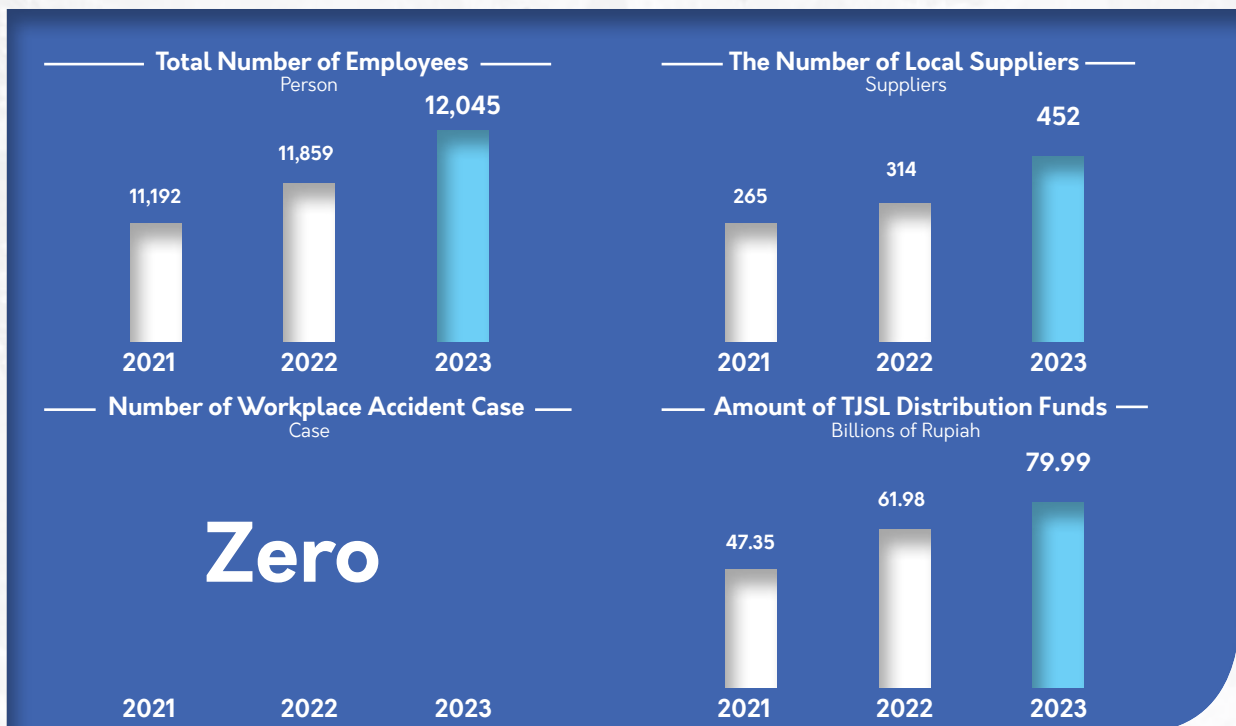
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SUSTAINABILITY PERFORMANCE HIGHLIGHTS

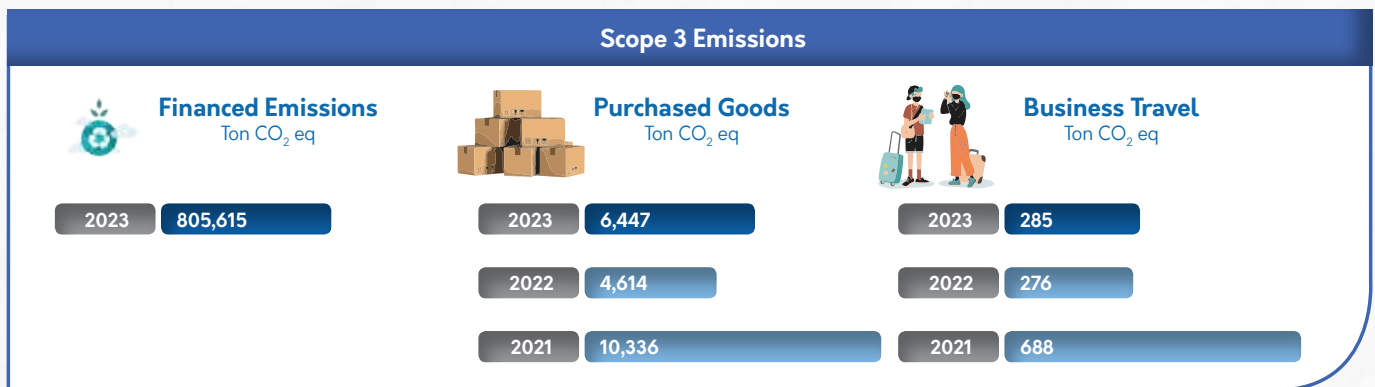
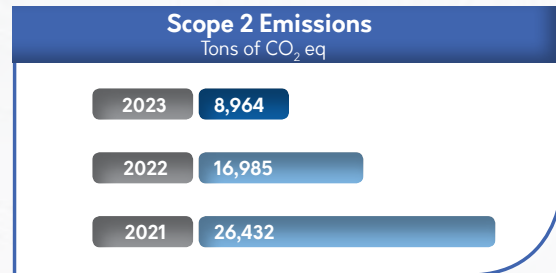
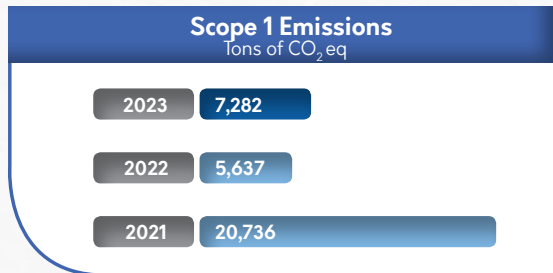
ECONOMIC PERFORMANCE [OJK B.1]



SOCIAL PERFORMANCE [OJK B.3]



ENVIRONMENTAL PERFORMANCE [OJK B.2]



GOVERNANCE PERFORMANCE



Establishment of the ESG Committee, Enterprise & ESG Risk Management Division, and ESG Department



Development of ESG Framework, Strategy, and Roadmap

ESG AND SUSTAINABILITY RATINGS

In addition to financial indicators, sustainability criteria that focus on Environment, Social, and Governance (ESG) factors are increasingly becoming a primary consideration for investors in making investment decisions. Analyses and ratings conducted by institutions or indices specializing in sustainability are increasingly considered crucial.



ESG Risk Rating
Medium Risk

22.9

32/100
S&P Global (Medium)

CSRHUB® 89

ESG Ranking (%)
Compared Within
34,925 Companies

REFINITIV **67.58**

(Grade: B+)
*As of December 2022



Bank BTN is listed in the KEHATI Group Index which includes:

- SRI KEHATI
- ESGQ 45 IDX KEHATI
- ESG SL IDX KEHATI



Bank BTN is listed in the climate change care index, namely the IDX LQ45 Low Carbon Leaders Index.

MESSAGE FROM THE PRESIDENT DIRECTOR [GRI 2-22] [OJK D.1]



Nixon L.P. Napitupulu
President Director

Dear shareholders and stakeholders,

We would like to express our gratitude to God Almighty for because of His mercy and grace, PT Bank Tabungan Negara (Persero) Tbk, hereinafter referred to as “the company”, has successfully pushed through the year 2023 with a positive and satisfactory performance. In 2023, which is replete with challenges, the company is grateful to be able to release the 2023 Sustainability Report, which is the fifteenth edition since the first report was published back in 2009.

We make this report as a form of the company’s accountability and transparency to all our stakeholders. Through this report, we want to provide transparent information regarding the company’s activities and performance results related to economic, environmental, social and governance aspects. This report also provides information regarding program achievements, strategies, and sustainability performance during the reporting period. Apart from being a form of accountability for the company’s performance, this report is also a form of our contribution in supporting the achievement of the Sustainable Development Goals (SDGs) that have been stipulated based on Presidential Regulation No. 59 of 2017 on Implementation of the Achievement of Sustainable Development Goals.

Responding to Sustainability Dynamics [GRI 2-22, 2-23, 2-24]

Of late, sustainable development principles have become the focus of various industries, including the banking industry. One of the keys to successful development in the banking sector is the implementation of sustainable finance. Sustainable finance plays an important role in economic development as it puts emphasis on balance between economic, social and environmental aspects. To that end, as a company operating in the banking industry, we are committed to aligning our programs and business activities to support the development of a sustainable financial ecosystem in Indonesia.

The company’s commitment to building a sustainable financial ecosystem needs to be translated into smart strategic steps. The development of a long-term strategy is highly needed so that the company can answer the need to give innovative solutions and needs to provide benefits to the society and the environment. To answer this challenge, the company has prepared a comprehensive road map covering environmental, social and governance (ESG) aspects.

Afterwards, the company integrated the ESG roadmap into the company’s structure by establishing an ESG Committee. This committee has the authority to formulate, determine and evaluate the company’s policies that have an impact on the environment, social and society as part of the embodiment of the ESG roadmap. The ESG Committee also plays a pivotal role in identifying opportunities and managing risks related to ESG aspects. Through this ESG Committee structure, the company can integrate social and environmental responsibility more effectively into its strategic decisions. Thus, the establishment of the ESG Committee becomes a strategic step in supporting the company’s vision and commitment to sustainable development.

In terms of policies, the company has made sustainable finance and ESG principles the main foundation in its efforts to achieve sustainable growth. BTN’s ESG roadmap serves as a guideline for managing environmental impacts, addressing social issues, and maintaining good governance in accordance with banking industry standards. In particular, the implementation of ESG principles is focused on the housing sector which becomes the company’s priority sector.



In terms of partnerships, the company reinforces its commitment to building cooperation with companies that are also committed to ESG issues. This is realized by integrating ESG factors in selecting industrial sectors that are in line with business and ESG principles. The company made the selection by considering ESG components such as the sector's position in Indonesia's green taxonomy, ownership of a sustainable finance roadmap, and other external policies related to ESG. On top of that, the company's Board of Directors and Board of Commissioners have a strong commitment to implementing high ESG standards for all stakeholders and carrying out inclusive activities related to ESG.

In facing this dynamic, the company has also implemented a variety of technological innovations, including developing more responsive banking applications, improving digital security systems, and optimizing internal processes to boost efficiency. This effort is in line with the company's commitment to providing a more modern and secure banking experience for its customers. By strengthening digitalization, the company is ready to face business challenges and ensure competitive services in this increasingly digitally connected era.

The company continues to build and implement a digital mortgage ecosystem, which provides digital services covering four main aspects of living, renting, buying, and selling. The development of the digital mortgage ecosystem is in line with the company's mission to "become a financial partner for stakeholders in the housing ecosystem by providing comprehensive solutions and the best services through digital innovation".

With full confidence, our business journey in the last few years remains on track to achieve the company's vision to "become the Best Mortgage Bank in Southeast Asia by 2025". We are determined to continue adapting to changes in the dynamics of the banking and property business to provide the best service for the community. This determination has increasingly encouraged us to consistently implement the concept of sustainable residential development with the principles of economic, social, and environmental balance.

Supporting Sustainable Growth [GRI 2-22, 2-23, 2-24]

The company is committed to supporting sustainable growth for Indonesia. The "Green Indonesia" concept is our basis for implementing this initiative. We believe that by implementing the principles of sustainability and innovation in all areas, we can make a positive contribution to economic, environmental, and social aspects.

The company strives to not only adapt to change, but also to be an active company in shaping a sustainable future for the country. The company's commitment to supporting sustainable growth is reflected in an approach that involves all the company's business lines.

We believe that running a business by considering the balance of the 3P aspects (profit, people, planet) will create sustainable values.

The company is determined to expand its financing portfolio to include sustainable and environmentally friendly housing projects. We realize that the company plays a crucial role in the success of housing development programs at the national level. The company makes every effort to support the government's programs in distributing housing finance with the aim of helping people have the best quality homes. The housing sector that continues to recover and the government's incentives will further encourage the housing sector financing business to record a growth until 2024. We continue to use this momentum with various business initiatives that we continue to take.

The company's presence contributes to improving the nation's welfare by providing housing credit that can be reached by the lower levels of society and providing opportunities for those who are less fortunate to realize their dream of owning their own home. Since 1976 and for more than 47 years, the company has made various steps and breakthroughs in providing housing credit, especially for low-income people. This effort is realized through a subsidized housing program implemented across the country. With this commitment, the company continues to play an active role in supporting access to affordable housing for all levels of society and creating

Support for Sustainable Development Goals [GRI 2-22, 2-23, 2-24]

BTN's journey in achieving sustainable finance performance goals is in line with the company's efforts for achieving sustainable development targets. The company is fully committed to supporting the Indonesian government's initiatives that seek to meet sustainable development targets at the global level stated in the Sustainable Development Goals (SDGs).

The company strengthens its sustainability foundation by reinforcing its commitment to policies aimed at achieving sustainable and responsible business. As part of efforts to improve sustainable financial performance, the company has issued a Sustainable Financial Action Plan (SFAP), which is in accordance with the provisions of Financial Services Authority Regulation No. 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies. We issue the SFAP as a means to communicate and internalize sustainability values to stakeholders. We issue the SFAP to support the achievement of the company's performance which is focused on sustainable development goals.

a positive impact on welfare and meeting housing needs in Indonesia.

The company is optimistic it can maintain sustainable growth amidst macroeconomic challenges and adapt to business digitalization in 2024. The company has developed four strategic focus areas to be implemented in 2024. The first strategy is a credit business plan that will optimize the portion of the national housing program with a target of distributing subsidized housing loans (KPR) of 171,200 units. The second strategy is a funding business plan targeting the acquisition of institutional customer payroll to increase retail third party funds (DPK), developing the wholesale banking business as a source of growth in obtaining cheap funds or current account saving accounts (CASA) and fee-based income, as well as carrying out wholesale re-composition funding to reduce the blended cost of funds.

The third strategy is the development of digital banking by building a digital-based housing ecosystem such as the BTN Properti app, BTN Properti for Developers, Smart Residence, eMitra, as well as increasing digital transactions through the launch of the BTN Mobile app. The fourth strategy is to become an enabler by centralizing back-end processes to improve operational efficiency (cash center, accounting and procurement) and continuing to improve credit processes, especially in the commercial and MSME segments.

The implementation of sustainable finance is also inseparable from the implementation of corporate social responsibility programs as regulated in Law No. 40 of 2007 on Limited Liability Companies. Various activities carried out in the CSR programs also support the company to achieve the SDGs. Like the mapping on the SFAP, the company also carries out mapping on the implementation of its CSR programs.

As one of the leading financing institutions in Indonesia, the company always strives to improve economic performance and financial inclusion. In 2023, the company succeeded in obtaining a net profit of Rp3.5 trillion or 114.64% of the bank's business plan. This achievement shows an increase of 15.13% compared to that 2022, which saw a net profit of Rp3.04 trillion. In terms of lending distribution, the company succeeded in disbursing credit amounting to Rp318.1 trillion, or an increase of 6.65% compared to that of the previous year at Rp298.28 trillion.

In implementing sustainability principles, the company fully supports the government's commitment to reducing greenhouse gas (GHG) emissions. This support is in line with the company's commitment to tackling and preventing climate change. In 2023, the company conducted calculations of Scope 3 greenhouse gas emissions originating from financing (financed emissions) adhere to the Partnership for Carbon Accounting Financials (PCAF) standard, amounting to 805,615 tons of CO₂ eq.

The company realizes that the implementation of sustainability principles cannot be separated from the implementation of sustainable finance and is related to the implementation of corporate social responsibility (CSR) programs. Both are inherent in the company's obligations as regulated in Law on Limited Liability Company. In 2023, the company distributed CSR funds amounting to Rp79.99 billion. This funding allocation

is a form of real support for the implementation of sustainable finance.

In governance aspect, the company is committed to implementing the principles of good corporate governance (GCG) in every aspect of its activities. The company routinely holds a series of trainings and disseminations related to corruption prevention. This effort reflects the company's commitment to implementing GCG to protect itself from the risk of corruption, collusion, and nepotism. The company is also committed to respecting human rights. Compliance with human rights is the company's focus in carrying out business operations, especially when building relationships with various stakeholders. This commitment is implemented in all the company's interactions with internal stakeholders and the community in the company's operational areas.



Support and Appreciation

The commitment and contribution of the company's employees, along with the support of stakeholders, has resulted in positive performance. Thanks to the company's positive performance in 2023, the company succeeded in winning various national and international awards.

At the international event, the company once again won the Best Bank for CSR in Indonesia award from Asia Money. The award is an appreciation for the company's efforts to support the fulfillment of housing needs for low-income families or communities (MBR) for a more

prosperous life. The company also won two awards from The Asian Business Review during The Asian Experience Awards 2023 in Singapore. The company won two awards in the Indonesia Service Experience of the Year and Indonesia Partner Experience of the Year categories. This award proves that the company's efforts to improve performance and business processes have been recognized by international institutions. The various international awards won by the company show that the transformation carried out is on the right track. This achievement also supports the implementation of the company's vision to become the Best Mortgage Bank in Southeast Asia by 2025.

Meanwhile, at the national awards event, the company succeeded in winning the award as Main Contributor to the National Housing Program on the peak night of National Housing Day (Hapernas) 2023 which was held by Ministry of Public Works and Public Housing. The award was given for the company's role as the Bank Distributing PR Credit to the Most Housing and Tapera (People's Housing Saving) Financing Liquidity Facilities in 2023. The Company has been a contributor and the main mover of the national housing program to reduce the housing deficit (backlog) in Indonesia, especially in housing financing in the low-income community segment. The company has also won six awards at the Best Contact Center Indonesia 2023 event held by the Contact Center Association (ICCA). The Company succeeded in winning Gold Awards in the Categories of The Best Technology Innovation, The Best Quality Team,

and The Best Employee Engagement; Silver award in the Best Business Contribution category; and Bronze awards in the categories of The Best Telemarketing and The Best Quality Team.

The achievements made in 2023 demonstrate the company's ability to surmount various challenges that we faced during the reporting period. The awards and appreciation we received have become a source of motivation for us to continue to innovate and to always uphold the values of sustainability. These awards are the fruits of the hard work of all the company's personnel, support from the government, and participation of other stakeholders. Along with support from stakeholders and various other parties, the company will continue to integrate sustainable business continuity.

Closing

As a representative of the company, I would like to express my utmost gratitude to everyone who has contributed and supported the company's efforts in implementing sustainability values. The supports given have helped the company to develop while maintaining a balance in economic, environmental, and social aspects. We truly appreciate the dedication and innovation of all the company's personnel who have tried hard to give maximum contribution and achieve optimal performance. May this achievement become an inspiration for everyone to continue to make the most of their potentials and to become the foundation for the company's future growth.

Jakarta, February 2024



Nixon L.P. Napitupulu
President Director

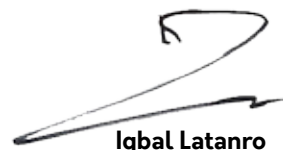
BOARD OF COMMISSIONERS STATEMENT ON ACCOUNTABILITY FOR PT BANK TABUNGAN NEGARA (PERSERO) TBK 2023 SUSTAINABILITY REPORT [GRI 2-14][OJK G.2]

We, as the Board of Commissioners of PT Bank Tabungan Negara (Persero) Tbk have evaluated the content of this Sustainability Report and confirmed that the report has covered all material sustainability topics for the Company and the Company's stakeholders. We are responsible for the accuracy of the contents of this Sustainability Report.

Jakarta, February 2024



Chandra M. Hamzah
President/Independent
Commissioner



Iqbal Latanro
Vice President/Independent
Commissioner



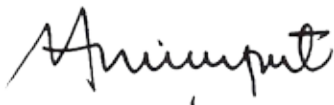
Armand B. Arief
Independent Commissioner



Sentot A Sentaosa
Independent Commissioner



Andin Hadiyanto
Commissioner



Herry Trisaputra Zuna
Commissioner



Himawan Arief Sugoto
Commissioner



Mohamad Yusuf Permana
Commissioner

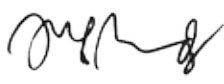
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Jakarta, February 2024



Nixon L.P. Napitupulu
President Director



Oni Febriarto Rahardjo
Vice President Director




Hirwandi Gafar
Director of Consumer



Nofry Rony Poetra
Director of Finance



Eko Waluyo
Director of Human Capital,
Compliance & Legal



Elisabeth Novie Riswanti
Director of Assets Management




Andi Nirwoto
Director of IT & Digital



Jasmin
Director of Distribution & Funding



Setiyo Wibowo
Director of Risk Management



Hakim Putratama
Director of Institutional Banking

SUSTAINABILITY STRATEGY [OJK A.1, F.1]



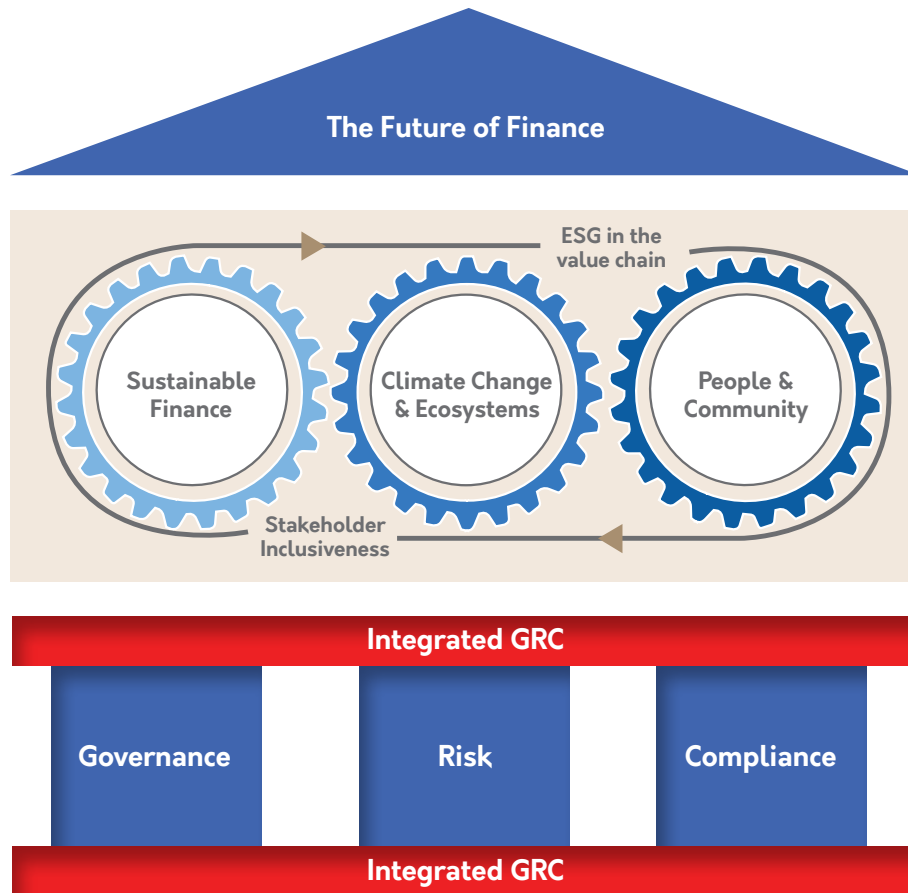
Economic development cannot be separated from social and environmental consequences that result from it. To create a national economy that puts harmony between economic, social, and environmental aspects above everything, appropriate and adequate resource management is needed. As a banking actor, the company is aware of its strategic function and role in ensuring that the investment flows it manages can contribute to the future and have a broad impact on economic development, environmental conditions, and social aspects.

The company continues to be committed to encouraging sustainable finance through the integration of Environmental, Social and Governance (ESG) in its operational activities. The company's journey in ESG involves planning how the company manages environmental impacts, addresses social issues, and

maintains ethical governance standards in all its banking operations. The company's implementation of sustainable finance has been carried out since 2019 through the issuance of the Sustainable Finance Action Plan (SFAP), which refers to Regulation of the Financial Service Authority No. 51 of 2017 on Sustainable Financing of Financial Services Institutions, Issuers and Public Companies.

In 2023, the company developed a series of frameworks, strategies, and roadmaps to encourage sustainable finance and support the company's ESG performance. The company emphasizes its focus on addressing ESG-related issues in the mortgage banking sector with the aim of achieving long-term sustainability and responsible banking practices.

ESG Framework



The company has developed an ESG framework called the Future of Finance. The ESG framework provides guidance for the company in managing and implementing business practices that are oriented towards impact performance and supporting the achievement of the Sustainable Development Goals (SDGs). This framework becomes the basis for managing business activities and operations as well as a more comprehensive decision-making process. BTN's ESG framework consists of 6 (six) components, including:

- 1 Sustainable Finance**
 Management of products and services that support the transition process towards a low-carbon economy and maintain social balance in opening equal access to capital.
- 2 Climate Change and Ecosystems**
 Managing climate change risks and their impact on ecosystem capacity.
- 3 People and Community**
 Management of impacts on individuals, communities, and wider society in general.
- 4 Stakeholder Inclusiveness**
 Prioritizing stakeholder inclusivity as the main focus for achieving sustainability goals.
- 5 ESG in the Value Chain**
 Creating interdependent systems to effectively manage sustainability risks and opportunities from upstream to downstream (value chain).
- 6 Integrated Governance, Risk, and Compliance (GRC)**
 Ensuring that sustainability is not only a cornerstone of business but also thoroughly integrated into every aspect of governance, risk management and compliance.

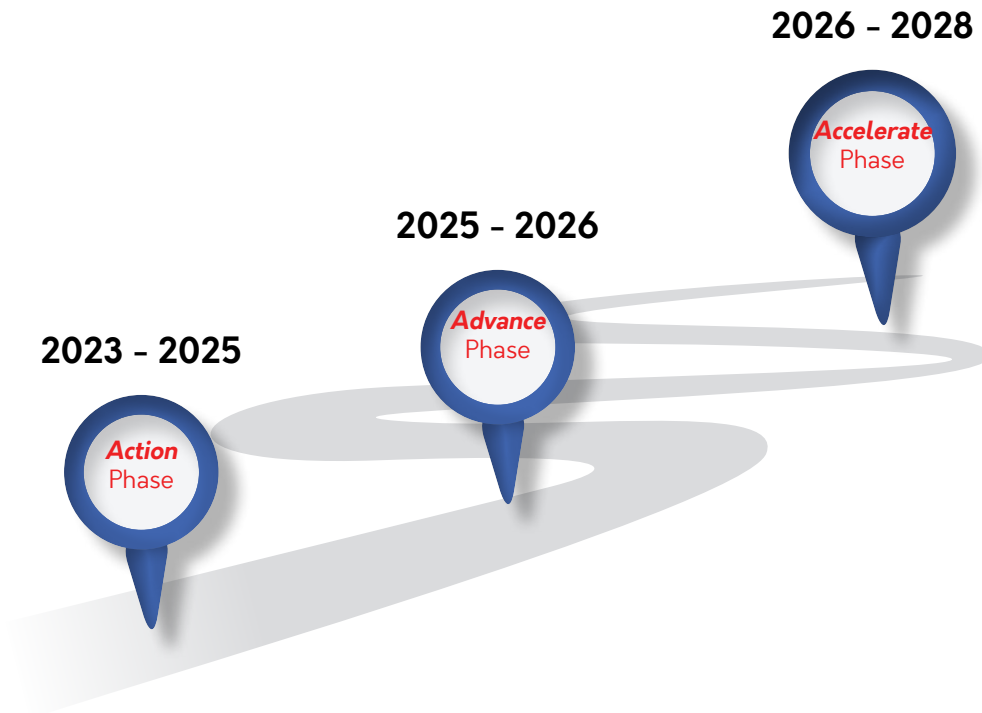
ESG Strategy

In implementing the ESG framework, the company has formulated 9 (nine) strategic steps that are implemented inclusively, as follows:



ESG Roadmap

Realizing the Future of Finance by implementing a road map carried out in stages and on target by dividing it into three phases; namely Action, Advance, and Accelerate.



Action Phase (2023—2025)

During this phase, the Company takes steps to integrate ESG principles into its operational activities. The objective is to strengthen the foundation for implementing ESG principles in every aspect of the Company's operations and to become an integral part of the Company.

Advance Phase (2025—2026)

The Company increases its commitment to ESG by expanding the scope and impact of the initiatives taken. Bank BTN focuses on efforts to strengthen social and environmental responsibility, in line with global developments. This step aims to enhance positive contributions to society and the environment.

Accelerate Phase (2026—2028)

This phase demonstrates the Company's commitment to accelerating the positive impact of implementing ESG principles on the environment, society, and corporate governance. This is achieved through various concrete steps and effective and efficient initiatives aligned with the Company's vision. During this phase, the Company implements strong determination and ambition to realize Sustainable Finance in achieving the Sustainable Development Goals (SDGs).

In proposing the ESG framework, strategy, and roadmap, the Company also considers stakeholder engagement. This involves benchmarking with companies that have implemented ESG practices both domestically and internationally. Additionally, the Company conducts an ESG Workshop with 20 participants from internal divisions. The workshop serves as a supporting validator for the proposed draft of the ESG framework, strategy, and initiatives. The objective is to establish an ESG framework that aligns with the Company's readiness and ambitions.

BTN has 24 strategic initiatives in its 5-year ESG roadmap with 10 priority initiatives as follows:

- | | |
|--|--|
| <p>1 Implementing the Clean Energy Transition</p> <p>Become a Pioneer of green mortgage carbon trading</p> <ul style="list-style-type: none"> • Target: Enter the carbon trading exchange by becoming a seller in green mortgage carbon trading • Timeline: 2024-2025 | <p>6 Sustainable Product Offering</p> <p>Consistently launching sustainable products, including: green/social bonds and green products (third-party funds)</p> <ul style="list-style-type: none"> • Target: green/social bonds: Rp3 trillion & 5 green product • Timeline: 2024 - 2028 |
| <p>2 Sustainable Bank Operational Program</p> <p>The implementation of sustainable banking operations through the efficient use of paper and electricity, adoption of Electronic Vehicles (EVs), and utilization of solar panels</p> <ul style="list-style-type: none"> • Target: Reducing paper and electricity use: 50% in 5 years, EV vehicles: 50 units; Solar Panels: 20 Branch Offices • Timeline: 2024 - 2028 | <p>7 Channeling Sustainable Loans</p> <p>Enhancing the Bank's role in supporting the distribution of sustainable loans (according to sectors designated by OJK), SMEs, and green mortgages</p> <ul style="list-style-type: none"> • Target: Sustainable sectors: minimum 20% of the loan portfolio; green mortgages: 20% • Timeline: 2024 - 2028 |
| <p>3 Sustainable Procurement Program</p> <p>Increasing awareness among stakeholders and bank partners, and establishing sustainable procurement policies</p> <ul style="list-style-type: none"> • Target: sustainable practices to 50 core vendors • Timeline: 2024 -2026 | <p>8 Diversity, Equity, and Inclusion Program</p> <p>Prioritizing the social aspect within the human resources scope</p> <ul style="list-style-type: none"> • Target: Hiring people with disabilities: 2% of total employees and Increasing the representation of women talent in management positions: 30% • Timeline: 2024 - 2028 |
| <p>4 Climate Risk Stress Test</p> <p>Conducting climate risk assessments that impact the financial condition of the Bank</p> <ul style="list-style-type: none"> • Target: Climate Risk Stress Testing in accordance with OJK regulations and best practices • Timeline: 2024 | <p>9 Developing ESG Policies</p> <p>Regularly aligning internal regulations and policies with relevant ESG policies according to best practices and regulations.</p> <ul style="list-style-type: none"> • Target: ESG Policy Review • Timeline: 2024 - 2028 |
| <p>5 Developing ESG University</p> <p>Enhancing the competence, capacity, and capability of employees related to ESG by developing an ESG Curriculum and training program</p> <ul style="list-style-type: none"> • Target: 75% of employees in strategic positions • Timeline: 2024 - 2026 | <p>10 Becoming Signatories to Sustainable Finance Commitments</p> <p>Actively engaging in international-level ESG networks and communities</p> <ul style="list-style-type: none"> • Target: Member of 4 sustainability institutions (domestic & international) • Timeline: 2024 - 2028 |

Sustainable Finance Action Plan (SFAP) [OJK E.1, D.1.B]

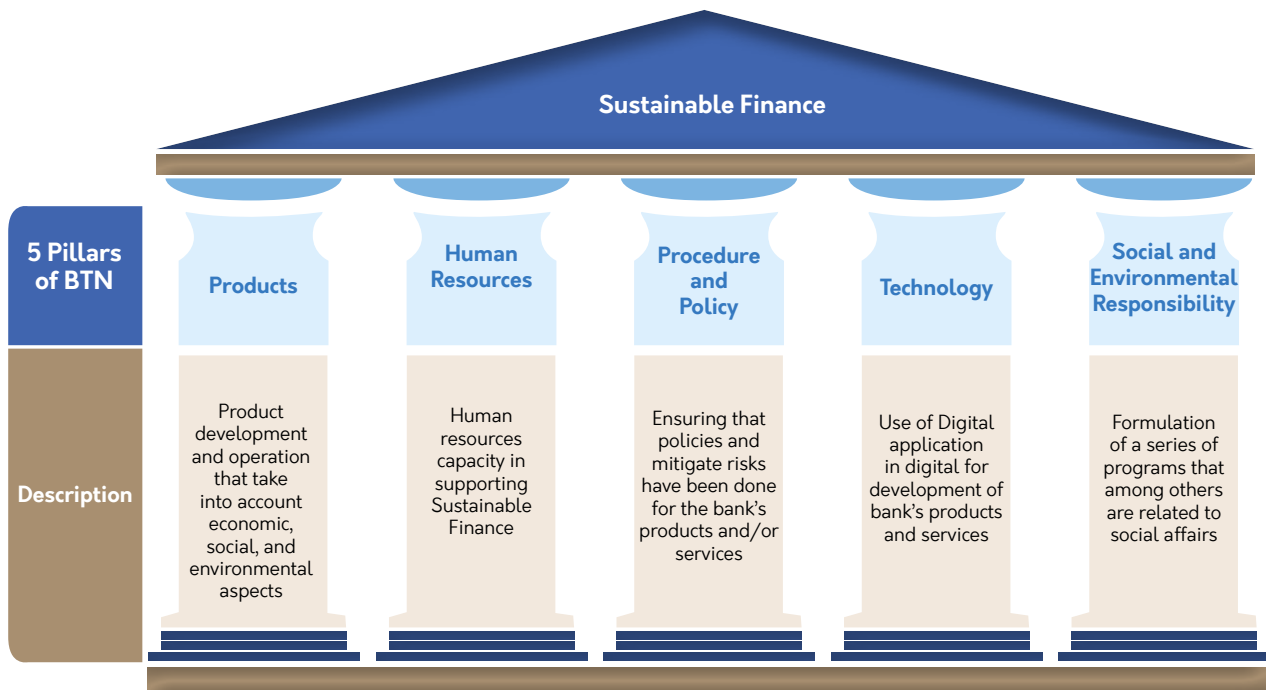
The company as a State-Owned Enterprise and one of the largest banks in Indonesia is committed to supporting sustainable development. The company realizes this by providing selective financing, which is in line with the principles of sustainable finance.

Officials Responsible for Implementing Sustainable Finance [GRI 2-12, 2-13] [OJK B.3, E.1]

The company applies sustainable finance principles in accordance with Regulation of the Financial Service Authority Number 51/POJK.03/2017 which came into effect on January 1, 2019 that regulates the implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies. Since the enactment of this regulation, there have been changes in the company's organizational structure. The regulation also emphasizes the importance of the availability of employees, officials and/or work units as work units with the authority to manage and coordinate activities related to Sustainable Finance. In line with its commitment to comply with these regulations, the company appointed the Enterprise & ESG Risk Management Work Unit as the Work Unit with the authority to manage and coordinate sustainable finance activities. Implementation of sustainable finance programs involves various Work Units, including Corporate Secretary, Subsidized Mortgage, Corporate Banking, SME Banking, Commercial Banking, Procurement & Fixed Asset Management, Learning Management, Investor Relations & Research, Compliance & Governance, Digital & Operation Risk Management, Human Capital, dan Digital Banking. [TCFD Gov.a]

Implementation of 2023 SFAP

The implementation of BTN's SFAP in 2023 is formulated into 5 Bank BTN Sustainable Finance Pillars, including:



The SFAP provides strategic direction for the company in developing its financing portfolio for sustainable business activities as well as changes that the company will make in business processes and risk management. The changes made are relevant changes in integrating environmental, social and governance (ESG) risk management in the bank's business activities.

The company has implemented a number of SFAP 2023 programs, as follows:

No	Name of Program	Work Unit Implementing the Program
1	Installation of a dropbox machine (reverse vending machine) from Plasticpay	Procurement & Fixed Asset Management
2	Mini MBA in property developer training/education program and School of Property Developer in collaboration with universities	Investor Relations & Research
3	Better awareness to promote digital banking services at BTN	Digital Channel
4	Merdeka Belajar which takes the form of providing early childhood education facilities and infrastructure and rehabilitating learning spaces	Corporate Secretary
5	Community-based provision of clean water and healthy sanitation	Corporate Secretary
6	Development of a public electric vehicle charging station in the BTN Tower area	Procurement & Fixed Asset Management
7	Distribution of corporate lending to support renewable energy development projects	Corporate Banking
8	Installation of solar panels at the BTN Tower Building and Bandung Branch Office	Procurement & Fixed Asset Management
9	Development of an environmental, social and governance (ESG) roadmap that is in line with the company's regulations and business strategy	Enterprise Risk Management
10	Digital services for partners/partners who want to collaborate with BTN	Digital Banking
11	Use of electric vehicles for operations	Procurement & Fixed Asset Management
12	Training/dissemination to build awareness regarding ESG for employees using online/self learning methods	Learning Management
13	Student internship program	Learning Management
14	Training/dissemination of anti-fraud strategies, anti-money laundering, prevention of terrorist financing and anti-bribery management systems (ABMS)	Learning Management
15	Online training/dissemination for employees	Learning Management
16	Procurement process that pays attention to environmental aspects with end-to-end Procurement applications	Procurement & Fixed Asset Management
17	Document storage process that pays attention to environmental aspects with the document management system & record management system application	Procurement & Fixed Asset Management
18	Providing Investment Credit/Working Capital Credit to companies for developing projects with environmentally friendly concepts	Commercial Banking
19	Providing facilities and infrastructure for MSMEs	Corporate Secretary
20	Providing green building certification for low-income housing	Subsidized Mortgage
21	Providing scholarships to students (primary-high school/equivalent level) and students from low-income families	Corporate Secretary
22	Education and training for young developers, in collaboration with the Housing Finance Center (HFC)	Corporate Secretary
23	Credit distribution in the field of biological natural resource management and sustainable land use	Corporate Banking
24	Greening in housing financed by BTN	Corporate Secretary
25	Development of waste banks	Corporate Secretary
26	Digital distribution of MSME credit	SME Banking
27	Training related to providing lending with sustainable principles for employees	Learning Management
28	BTN Santri Developer training/education program	Investor Relations & Research
29	Training and empowering the community to become entrepreneurs through BTN Business Camp	Corporate Secretary
30	Construction of public infrastructure (Edu Green Bank BTN) in subsidized housing financed by BTN	Corporate Secretary
31	Tackling slum areas	Corporate Secretary
32	Community reading center program	Corporate Secretary
33	Illiteracy eradication program	Corporate Secretary

Problems and Challenges in Implementing Sustainable Finance [OJK E.5]



In 2023, the Company faced no problems related to implementing sustainable finance. Nevertheless, the company did face a number of challenges and in response to these challenges, the company has identified and implemented mitigation efforts. One of the main obstacles that the company is currently facing is a lack of understanding from debtors regarding sustainability issues and risks related to ESG in their business operations. Therefore, the company has organized awareness sessions for 50 MSMEs related to sustainable business to increase their understanding.

The company also faced challenges related to uneven understanding regarding the integration of ESG aspects

in supporting the implementation of sustainable finance. To overcome those challenges, the company took the initiative to increase internal capacity. One of the steps taken was by organizing ESG awareness which was attended by 400 employees of the company.

The company recognizes the importance of awareness regarding sustainability throughout its supply chain. Therefore, the company has organized awareness sessions regarding sustainable procurement for its suppliers. These steps aim to create a better understanding of ESG aspects and encourage sustainable financial practices in and around the company's operations.

Communication of Important Issues in Sustainable Finance [GRI 2-16]

In the context of sustainable finance, every company is expected to have an effective mechanism for monitoring and addressing important issues that may arise. During the reporting year, the company managed to identify a number of important issues specifically related to the implementation of SFAP and sustainable financial aspects. The issue that emerged was the company's awareness of the importance of ESG performance for stakeholders, especially shareholders, including the net zero emissions target, sustainable financial products, and sustainable procurement. In response, the company developed an ESG strategy, framework and roadmap that serve as a guide to improving ESG performance in the future.

AWARDS DURING 2023

During the year 2023, the Company has achieved several awards, which are detailed in the Company's Annual Report. Below are the awards that the Company has successfully achieved related to ESG:



July 20, 2023

Award:

Very Good in the Employer Branding & Talent Acquisition category

Event:

HR Excellence Award 2023

Organizer:

SWA



July 20, 2023

Award:

Excellent in the Learning & Development (L&D) and Knowledge Management category

Event:

HR Excellence Award 2023

Organizer:

SWA



July 20, 2023

Award:

Very Good in the Reward Management & Talent Retention Strategy category

Event:

HR Excellence Award 2023

Organizer:

SWA



October 26, 2023

Award:

Education Category

Event:

Anugerah CSR 2023

Organizer:

Republika.co.id



November 6, 2023

Award:

Gold Rank

Event:

ASRRAT 2023

Organizer:

National Center for Corporate Reporting (NCCR)



November 29, 2023

Award:

Leadership AA

Acara:

ESG Disclosure Transparency Awards

Organizer:

Investortrust


THE COMPANY AND SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs) established by the United Nations (UN) in 2015 consist of 17 goals and 169 targets aimed at promoting global sustainability by integrating economic, social, and environmental development. Indonesia's commitment to achieving the SDGs is manifested through Presidential Regulation No. 59 of 2017. The company plays a significant role in realizing Goal 11 of the SDGs by contributing through housing ownership financing products (KPR) to build cities and settlements that are livable, safe, and affordable by 2030. This involvement aligns with the mandate of Law No. 14 of 2016 concerning Housing and Settlement Areas, which, in turn, not only contributes to addressing sustainability issues but also enhances the company's resilience to sustainability risks.

Subsidized KPR provided by BTN, Easy Way to Own a House

Subsidized KPR is a home ownership program from the Ministry of Public Works and Public Housing of the Republic of Indonesia which is aimed at low-income communities with low interest rates and light installments to purchase landed welfare homes and flats. In this case, the Company is one of the distributors of the program, which is implemented through Subsidized BTN KPR products. This product is worth choosing for it has several advantages, including:

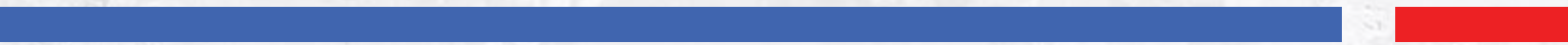
- Low down payment starting from 1%;
- Fixed interest rate of 5%;
- Term of up to 20 years;
- Down payment assistance subsidy of Rp4 million *(especially for site house);
- Free of insurance premiums and VAT dan
- Extensive network of cooperation with developers throughout Indonesia.



<div style="background-color: #0056b3; color: white; padding: 10px; border-radius: 10px;">  <p>Make cities and human settlements inclusive, safe, resilient, and sustainable.</p> <p>Provided for low-income people without discriminating against ethnicity, religion, race and so on. Its development prioritizes inclusive, not exclusive, settlement rules. By creating such conditions, it is hoped that the Subsidized BTN KPR complex will maintain its solidarity, security, and resilience so that the complex and its residents continue to survive and be sustainable.</p> </div>	<div style="background-color: #0099cc; color: white; padding: 10px; border-radius: 10px;">  <p>Ensuring availability and sustainable management of clean water and sanitation for all.</p> <p>Providing decent housing and equipped with MCK facilities (bathing, washing, latrine). This facility will encourage residents to live a healthy lifestyle so as to create a good condition in the health sector, especially public health.</p> </div>
<div style="background-color: #0099cc; color: white; padding: 10px; border-radius: 10px;">  <p>Ensuring energy access that is affordable, reliable, sustainable, and modern for all</p> <p>Providing houses with a source of lighting in the form of electrical energy at affordable subscription prices because the rates are adjusted to the ability of the occupants as low-income people.</p> </div>	<div style="background-color: #0056b3; color: white; padding: 10px; border-radius: 10px;">  <p>Narrowing down gap Within the country and between countries</p> <p>Helping to reduce housing backlog as this program works with developers throughout Indonesia. The terms of ownership are also easy: free of insurance premiums and VAT, subsidized down payment of Rp4 million – especially for landed houses; light down payment, from 1%; fixed opening rate of 5%; and a term of up to 20 years.</p> </div>

In addition to achieving the SDGs through KPR products, the Company also supports the achievement of SDGs directly or indirectly by implementing Social and Environmental Responsibility (TJSL) activities. All of these 2023 activities are fully summarized in each material topic in the 2023 Sustainability Report in which the outline is illustrated in the table below:

SDGs	Company Contribution	
	No Poverty	<ul style="list-style-type: none"> The Company has a Micro, Small and Medium Enterprise Development Program through BTN Micro and Small Business Credit (KUMK), People's Business Credit (KUR), UMK Funding Program, BTN Linkage Credit; Strengthening the independence and entrepreneurship of students through the BTN Santri Developer program.
	Zero Hunger	<ul style="list-style-type: none"> The Company distributes credit to key economic sectors including Agriculture, Livestock, and Fisheries.
	Good Health and Well-Being	<ul style="list-style-type: none"> Organizing a webinar on the theme "Wellness in the Workplace" with the aim of enhancing knowledge, awareness, and encouraging actions to protect employees' mental health; Promoting work-life balance with the inauguration of the BTNers Club.
	Quality Education	<ul style="list-style-type: none"> Business development training for prospective developers through BTN Santri Developer training; Organizing training for employees with a total training of 62.52 hours for male employees and 60.73 hours for female employees.
	Gender Equality	<ul style="list-style-type: none"> The Company opens wide opportunities for women to work and develop their careers; SRIKANDI BUMN Goes to Campus program to support the empowerment and leadership of women.
	Clean Water and Sanitation	<ul style="list-style-type: none"> Through various housing finance programs, the Company provides access/availability of clean water and sanitation that is available to all homeowners. Provision of clean water and sanitation is also one of the Company's TJSL programs, especially during the dry season.
	Affordable and Clean Energy	<ul style="list-style-type: none"> Through various housing financing programs, the Company provides affordable energy sources for Low Income Communities (MBR).
	Decent Work and Economic Growth	<ul style="list-style-type: none"> The Company facilitates revolving funds for MSME development in Indonesia through the MSE Funding Program; Supporting the growth of SMEs by organizing workshops and digital UMKM exhibitions in Jepara, Central Java, and UMKM Bazaar at Sarinah, Jakarta. Facilitating SMEs to penetrate the global market by enabling one of the SME partners to attend the China ASEAN EXPO 2023.
	Industry, Innovation, and Infrastructure	<ul style="list-style-type: none"> Providing access for small-scale businesses to financial services through the Micro, Small and Medium Enterprises Development Program through BTN Micro and Small Business Credit (KUMK), People's Business Credit (KUR), UMK Funding Program, BTN Linkage Credit.
	Reduced Inequalities	<ul style="list-style-type: none"> Upholding equality and a safe working environment through the implementation of the Respectful Workplace Policy and the principles of Diversity, Equity, and Inclusion; The Company's presence throughout Indonesia creates jobs and helps local residents to be able to meet their needs. In this way, the income gap between residents, which has so far been a global problem, can be narrowed.
	Sustainable Cities and Communities	<ul style="list-style-type: none"> Providing housing loan (KPR) products and supporting the One Million Houses Program for low-income people to have a safe and affordable place to live.
	Responsible Consumption and Production	<ul style="list-style-type: none"> The Company employs an e-Procurement application that saves paper.
	Climate Action	<ul style="list-style-type: none"> Supporting the "Gotong Royong Boyong Pohon" (Community Collaboration in Planting Trees) movement; The Company implements a Green Office concept at the Head Office Building and participates in Earth Hour to increase energy awareness.
	Life Below Water	<ul style="list-style-type: none"> Committed to actively participating in efforts to sustainably preserve marine and ocean resources for sustainable development.
	Life on Land	<ul style="list-style-type: none"> Supporting the "Gotong Royong Boyong Pohon" (Community Collaboration in Planting Trees) movement; The Company requires the fulfillment of the AMDAL in housing development; The Company carries out environmental conservation by planting mangroves and trees around housing which is financed by the Company.
	Peace, Justice, and Strong Institution	<ul style="list-style-type: none"> Completion of the Integrity Pact by all employees according to the values of the Code of Conduct.
	Partnership for the Goals	<ul style="list-style-type: none"> The Company is a member of the Task Force on Climate-related Financial Disclosures.





01

About the Sustainability Report

SUSTAINABILITY
REPORT
2023

The Company has published a sustainability report annually since 2009. The 2023 Sustainability Report is the 15th report with the previous report published on February 22, 2023. This report unveils the Company's performance that includes Head Offices and Branch Offices throughout Indonesia within a period of one year from 1 January to 31 December 2023 as stated in the Consolidated Financial Statements as of December 31, 2023. [GRI 2-2][GRI 2-3]

The Company's consistency in preparing sustainability reports reflects its commitment and compliance with various regulations, including Regulation of the Financial Services Authority Regulation (POJK) Number 51/POJK.03/2017 on Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies. Article 10 of Regulation of Financial Service Authority Number 51/POJK.03 of 2017 explicitly states that "financial service institutions, issuers and public companies are required to formulate a sustainability report." In this context, the Company has issued reports voluntarily since 2009 long before regulations were enacted.

Based on the regulation, a sustainability report is a report announced to the public that contains economic, financial, social, and environmental performance of a financial service institution, an issuer, and a public company in running a sustainable business. Therefore, the form of the Company's sustainability report refers to the Circular of Financial Services Authority Number 16/SEOJK.04/2021 on the Form and Content of Annual Reports of Issuers or Public Companies. Through this circular, all public companies or issuers are required to include a report on Social and Environmental Responsibility in the Annual Report or in a separate report, such as the Sustainability Report.

The Company has ensured that the data and information in this report are presented accurately to meet the principles of good reporting. However, if there is a change in data or information in the previous report, for example, due to differences in measurement methods, we will mark *restated. [GRI 2-4]

REPORTING FORMULATION STANDARD [GRI 2-23]

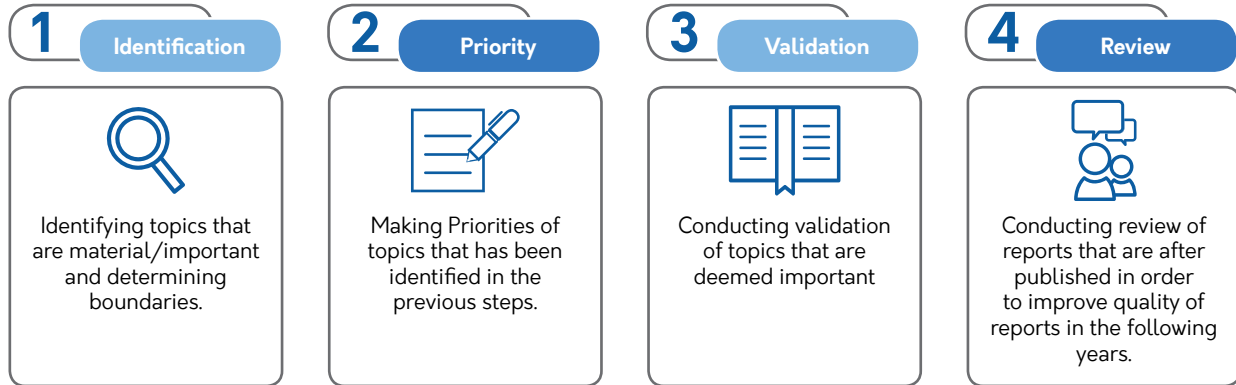
	<p>Regulation of the Financial Service Authority Number 51/POJK/03/2017 on Implementation of Sustainable Finance for Financial Service Institutions, Issuers, and Public Companies and Circular of the Financial Services Authority Number 16/SEOJK.04/2021 on Report Form and Content of Annual Report of Issuer or Public Company.</p>	
<p>Global Reporting Initiative (GRI) Standard</p>	<p>Task Force on Climate related Financial Disclosures (TCFD)</p>	<p>Sustainability Accounting Standard Board (SASB)</p>

Through this Sustainability Report, the Company conveys economic, financial, social, and environmental performance and their impacts prepared in accordance with several reporting policies, standards, and initiatives. This is a manifestation of the Company's commitment to supporting measures to achieve the Sustainable Development Goals (SDGs) that have been adopted by Indonesia to become Indonesia's SDGs (<http://sdgsindonesia.or.id/>).

The Company publishes the Sustainability Report in two languages: Indonesian and English. Financial data in this report has been audited by a Public Accounting Firm for the purpose of the Company's Annual Report. The financial data submitted uses Rupiah nominations, unless otherwise indicated. Meanwhile, the quantitative data in this report is presented using the principle of comparability for a minimum of two years, so that report users can analyze the Company's performance trends. Apart from the print edition, the report can be viewed and downloaded through the Company's official website: www.btn.co.id.

REPORT CONTENT DETERMINATION PROCESS [GRI 3-1, 3-2, 3-3]

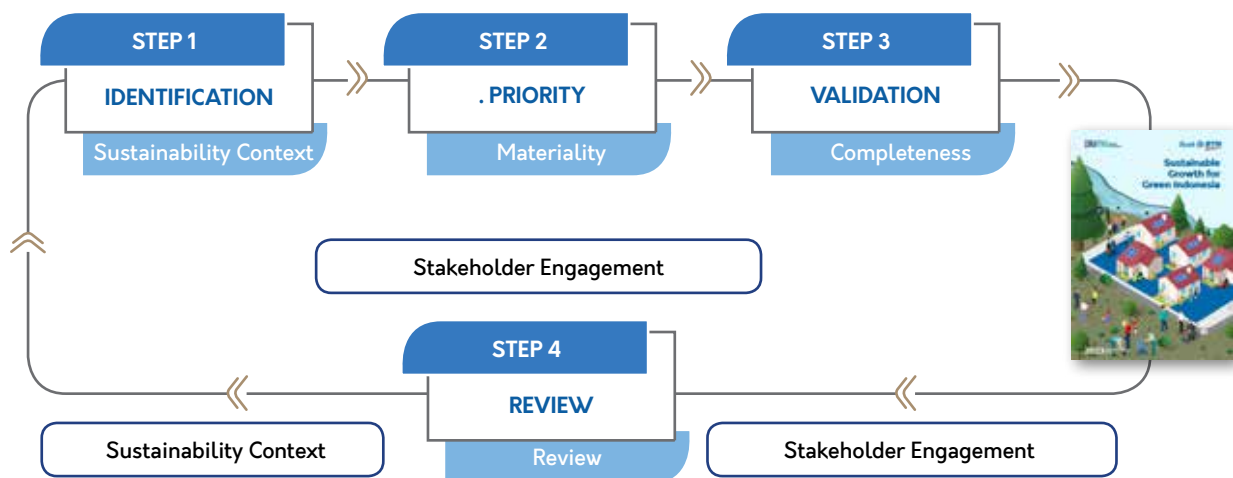
In preparing the Sustainability Report, the process of determining the contents of the report is part of an important series carried out by the Company. Referring to the GRI Standard Guidelines, the Company carries out four steps in determining report content, namely:



The Company carries out the process of determining the content of the Sustainability Report by taking into account the application of the reporting principles compiled by GRI in the GRI Standard Guidelines, including:

1. **Stakeholder Inclusiveness**
Identifying stakeholder groups and including the expectations and interests of each group related to the Company's business activities.
2. **Sustainability Context**
Disclosing the performance and impact of the Company in the context of sustainability that includes economic, social and environmental aspects.
3. **Materiality**
Disclose economic, social, and environmental impacts that are relevant to the impacts of the Company's business activities, as well as significant in the evaluation and decision-making of stakeholders.
4. **Completeness**
Disclosing all material aspects of sustainability and their relevant boundaries so that stakeholders can evaluate the Company's sustainability performance in the reporting period.

The following is a flowchart of the process for determining the content of the Company's Sustainability Report, including the four steps for determining report content and the principles of Sustainability Reporting according to the GRI Standard Guidelines.



Review of report content is the useful next process to ensure compliance with the eight quality principles of sustainability reports recommended by GRI, including:

1 Accuracy

The information presented must be accurate and detailed so that it can be used by stakeholders to assess the Company's performance.

2 Balance

The Company's performance presented must have both positive and negative aspects so that it can be assessed rationally and comprehensively.

3 Clarity

The information presented must be easy to understand and open for stakeholders to access.

4 Comparability

The information presented must be consistent and can be used by stakeholders to assess performance changes that have occurred to the Company within a certain period of time by including data and information for several years prior to the reporting period used.

5 Completeness

The report must provide sufficient information to enable an assessment of the Company's impact during the reporting period

6 Sustainability Context

The information presented should report the impact within the broader context of sustainable development.

7 Timeliness

The report must be published regularly so that stakeholders can make timely decisions based on available information.

8 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.

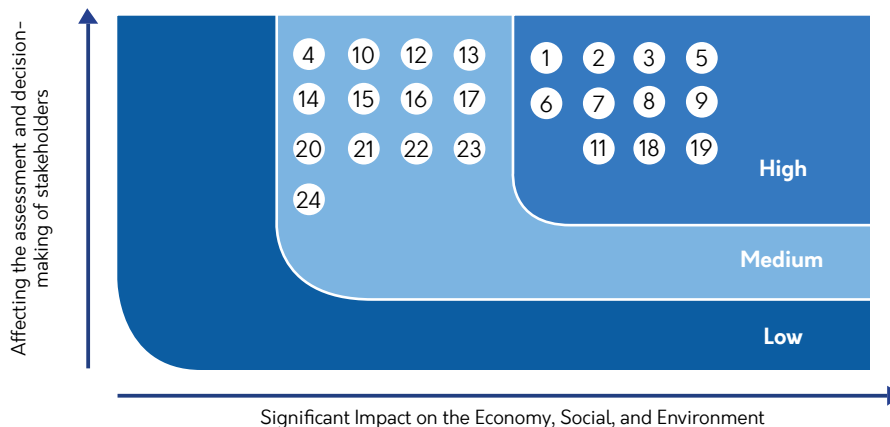
MATERIAL TOPICS AND BOUNDARIES [GRI 3-1, 3-2, 3-3]

The material topics, as determined by the Company, are matters that have significant impact on stakeholder decisions. In 2023, the Company reassessed the relevant material topics through a materiality analysis process involving stakeholders, such as investor concerns. This approach serves as the Company's method to identify the actual and potential, negative and positive impacts of the Company on the economy, environment, and society, including impacts on human rights, across all Company activities and relationships.

Based on the analysis results, there are 24 sustainability issues deemed material to be included in this sustainability report. Based on the significance level to stakeholders and the economic, social, and environmental impacts, the 24 sustainability issues are then prioritized in a materiality matrix.

The Company's commitment to national and international issues related to climate change and sustainable development remains the foundation for consideration, reference, and motivation to continually enhance the role and contribution to achieving sustainability performance, including economic, social, and environmental aspects. This aligns with the primary concerns of stakeholders, which are the Company's main focus in conducting its business. [GRI 3-1]

The Company has mapped out the material topics along with explanations regarding the materiality approach in the sustainability matrix below:



No	Materiality	No	Materiality
1	Economic Performance	13	Child Labor
2	Market Presence	14	Procurement Practice
3	Indirect Economic Impact	15	Non-discrimination
4	Anti-Corruption	16	Forced Labor
5	Product Portfolio	17	Presence of Unions
6	Employment	18	Greenhouse Gas Emissions
7	Education and Training	19	Energy
8	Diversity and Equal Opportunity	20	Water
9	Local Communities	21	Waste
10	Socioeconomic Compliance	22	Material
11	Customer Privacy	23	Occupational Health and Safety
12	Marketing and Labeling	24	Environmental Compliance

The relevant sustainability topics are mapped into three priority levels: high, medium, and low. The material topics covered in this report remain consistent with those of the 2022 Sustainability Report. Sustainability topics categorized as high to moderate are presented as material topics within this report, with the topics delineated in the following list: [GRI 3-1, 3-2, 3-3]

Material Topics	Why this topic is important	Topic Boundaries	
		Within the Company/ Internal Stakeholders	Outside the Company/External Stakeholders
Economic Topics			
Economic Performance	Describing achievement and the Company's performance during the reporting year.	Employees, shareholders, labor unions	Customers, Investors, Government and Financial Service Authority, Developer Partners/Suppliers, Community Organizations/Social Organizations/NGO, Media, Business Organizations
Market Presence	Describing the Company's commitment about minimum wage of employees so they can meet their life needs.	Employees and labor unions	Government and Financial Service Authority
Indirect Economic Impacts	Describing the Company's commitment about benefits of the Company for the communities.	Employees	Work Partners / Suppliers
Procurement Practice	Describing the Company's commitment about the presence of local suppliers.	Employees and shareholders	Customers, Investors, Government and Financial Service Authority, and Media
Product Portfolio	Describing the Company's commitment about the importance of clarity and completeness of information regarding products owned and offered to consumers.	Employees, shareholders, labor unions	Customers, Investors, Government and Financial Service Authority, Developer Partners, Work Partners / Suppliers, Media, and Business Organizations
Anti-Corruption	Describing the Company's commitment in running business transparently and in refraining from illegal practices such as corruption that bring negative impacts for the level of trust from customers to the bank.	Employees, shareholders, labor unions	Customers, Investors, Government and Financial Service Authority, Developer Partners, Work Partners/Suppliers, Media, Business Organizations
Environmental Topics			
Greenhouse Gas Emission	Describing the Company's concern about greenhouse gas emission produced from operational activities.	Employee	Investors, Government and Financial Service Authority, Work Partners/Suppliers, Media
Materials	Describing the Company's concern for material (paper) management which in the manufacturing process requires tree trunks as raw material.	Employee	Work Partners/ Suppliers

Material Topics	Why this topic is important	Topic Boundaries	
		Within the Company/ Internal Stakeholders	Outside the Company/ External Stakeholders
Energy	Describing the Company's concern towards energy management amidst its increasingly limited availability.	Employee	Developer Partners, Work Partners/ Suppliers
Water	Describing the Company's concern for water resources management amidst its increasingly limited availability.	Employee	Developer Partners, Work Partners/ Suppliers
Effluent and Waste	Describing the Company's concern in managing wastewater so it does not pollute the environment.	Employee	Developer Partners, Work Partners/ Suppliers
Environmental Compliance	Describing the Company's commitment to various environmental regulations so its operations do not have a negative impact on the environment.	Employee and Shareholders	Investors, Government and Financial Service Authority, Work Partners / Suppliers, Media
Social Topics			
Employment	Describing the Company's commitment to the importance of managing employees/HR.	Employees, labor unions	Customers, Government and Financial Service Authority, Work Partners/ Suppliers
Occupational Health and Safety	Describing the Company's commitment in providing workplace that is safe and comfortable.	Employees, labor unions	Customers, Government and Financial Service Authority, Developer Partners, Work Partners, Suppliers, Business Organizations
Training and Education	Describing the Company's commitment in the effort improve competence of employees.	Employees and labor unions	Customers, Work Partner / Suppliers, Community Organizations/Social Organizations, NGOs
Diversity and Equal Opportunity	Describing the Company's commitment in equal opportunities for employee to develop without discrimination in gender.	Employees and labor unions	Customers, Government and Financial Service Authority
Non-discrimination	Describing the Company's commitment to respecting similarities among people.	Employees, shareholders, labor unions	Customer, Investor, Government and Financial Service Authority, Developing Partners, Work Partners / Suppliers, Media, Business Organizations
Freedom of Association and Collective Bargaining	Describing the Company's commitment to giving employees the freedom to assemble and organize, including the establishment of a trade union or similar institution.	Labor union	Government and Financial Service Authority, Work Partners / Suppliers Media
Forced Labor or Mandatory Work	Describing the Company's commitment for working hours, remuneration, and other matters so there is no coercion at work.	Employees, shareholders, labor union	Government and Financial Service Authority, Work Partners / Suppliers Media
Local Communities	Describing the Company's commitment towards the involvement of communities around in various programs/activities.	Employees	Community organizations/ Social Organizations /NGOs

Material Topics	Why this topic is important	Topic Boundaries	
		Within the Company/ Internal Stakeholders	Outside the Company/External Stakeholders
Marketing and Labeling	Describing the Company's commitment to obeying good marketing practices, and the provision of information products for customers / consumers.	Employees	Customers, Investors, Government and Financial Service Authority
Customer Privacy	Describing the Company's commitment in maintaining customer data confidentiality.	Employees, Shareholders, Labor Unions	Customers, Investors, Government and Financial Service Authority, and Media
Socio-economic Compliance	Describing the Company's commitment to obeying socio-economic regulations, such as employment, compete healthily and non-discriminatory.	Employees, Shareholders, Labor Unions	Customers, Investors, Government and Financial Service Authority, Developer Partners, Work Partners / Suppliers, Community organizations/ Social Organizations / NGOs, Media, and Business Organizations

STAKEHOLDER ENGAGEMENT [GRI 2-29][OJK E.4]

The Company has a number of stakeholders in running the business. Their presence influences the Company's efforts to realize the success of strategy implementation and achievement of goals. Meanwhile, stakeholders in this report have a position as entities or individuals who are affected by the company's activities, products, and services.

The involvement of key stakeholders in discussing critical issues faced by the Company is carried out after undergoing an identification process. This process is conducted through stakeholder mapping methodology. Through this approach, the Company can accurately categorize stakeholders who have significant connections with the company, including the forms of relationships established, topics to be addressed, and appropriate communication strategies. This step is aimed at achieving the targets set by the Company through effective communication efforts. Complete details regarding the stakeholder list are presented in the following table. [GRI 2-29]

Stakeholders	Engagement Method	Frequency	Priority Topic
Shareholders	Annual GMS	Once a year	Achievement of the Company's targets, Economic Performance, Market Presence, Anti-Corruption, ESG Roadmap Development, and Decarbonization
	Performance Presentation	Quarterly	
	Extraordinary GMS	May be convened anytime	
Customers	Customer Satisfaction Survey	Twice a year	Service and service quality for consumers, Product Portfolio, Customer Privacy
	Communication Media for Customers	Once a month	
	Customer Call Center Services	Every time when needed	
	The Company's website and frontline information	May accessed anytime	
	Direct visit	May accessed anytime	

Stakeholders	Engagement Method	Frequency	Priority Topic
Developer Partner	Property Awards	Every year	Home sales opportunity
	Gathering	Every time when needed	Success of One Million Houses Program
	Capacity Building	Every time when needed	Transparency
Employees	Employee Engagement Survey	Once a year	Employee satisfaction level
	Internal Bulletin	Once a month	Related strategies and policies employment
	SmartShare	May accessed anytime	Discussion and exchange forums about works, quizzes, exchange of information, Diversity and Equal Opportunity, Training, and Education
	Innovation Award	Once a year	Accelerating business process
Work Partners / Suppliers	Work Contract	When needed	Procurement process
	Investment Partner	When needed	Business cooperation
	Seminars and workshops	When needed	Development of merchants company
Labor Union	Discussion on Collective Labor Agreement	Once a year	Harmonious work relations, as well as fulfillment of rights and obligations of employees
Government and Financial Service Authority	Reporting of GCG implementation of the Company's Sharia Business Units	Once a year	Fulfillment of disclosure of related report and information implementation of the Company's Sharia Business Units
	GCG Self-Assessment	Twice a year	Fulfillment of disclosure and assessment of the implementation of GCG at the Company
	GCG Compliance Report	Once a year	Fulfillment of disclosure of GCG implementation at the Company
	Reporting of TJSL activities to Ministry of SOE	Four times in a year	Facilities in disclosure of information on related reports of TJSL implementation at the Company
	Reporting on Supervision Results of the Sharia Supervisory Board of the Company's Sharia Business Units	Twice a year	Disclosure of information related to compliance with sharia principles in the operations of Bank BTN Syariah
Business Organizations	Meetings and activities, be it national, regional, and international scale	When needed	Improvement of the Company's governance
Community organizations/ social organizations/NGOs	Strategic cooperation to carry out corporate responsibility programs, both in the social and environmental fields	When needed	Optimizing the Company's TJSL program, Local Community, Indirect Economic Impact
Media	Press release and press conference	When needed	Provision of the Company's related business information that needs to be known by the public

EXTERNAL ASSURANCE [GRI 2-5][OJK G.1]

The Company has undergone a series of external assurance processes for this sustainability report in line with GRI recommendations. These processes are deemed essential for the company, as they are conducted by independent third parties with high credibility, thereby enhancing the credibility and quality of the report. The selection of an external assurer is based on the approval of the Board of Directors, represented by the Corporate Secretary, and ensures there are no conflicts of interest with any party.

The Company has entrusted CBC Global Indonesia to carry out the quality assurance process in the 2023 Sustainability Report. CBC Global Indonesia is a quality assurance agency that has been certified to international quality assurance standards AA1000AS v3 standard with license number 000-310. The results of the quality assurance report are attached on page 190. [GRI 2-5][OJK G.1]

The Board of Commissioners and Directors have carried out a review to ensure that all material topics have been included in the report and approved and signed this report that can be found on pages 14 and 15. [GRI 2-14]

FEEDBACK [OJK G.2][OJK G.3]

The Company provides a feedback sheet at the end of this report to build two-way communication with readers and users of the Company's Sustainability Report. Through the sheet, it is hoped that readers and users of this report can provide suggestions, feedback, opinions, etc, that can improve reporting quality in the future. Feedback received by the Company will be processed either by the Corporate Secretary Division or through the Information & Documentation Officer (PPID) to the relevant Division for follow-up. However, during the year 2023, the Company did not receive any responses from stakeholders regarding the previous year's sustainability report.

REPORT CONTACT [GRI 2-3]

This report is addressed to all stakeholders and can be used as a basis for evaluating the Company's performance. Stakeholders can also evaluate the process of fulfilling the Company's obligations in the environmental, economic and social fields in the business activities carried out. The Company provides the widest possible access to information regarding the Sustainability Report to all stakeholders, investors, and anyone else by contacting:

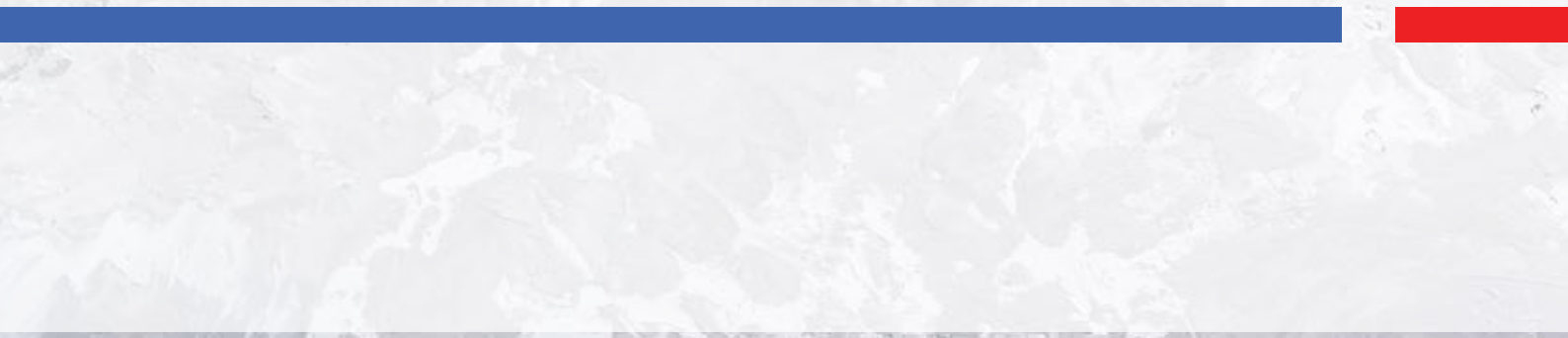
PT Bank Tabungan Negara (Persero) Tbk

Corporate Secretary Division Head

20th Floor BTN Tower
Jalan Gajah Mada No. 1
Central Jakarta, 10130

Phone : (021) 6336789 ext. 2003
Facsimile : (021) 6336719
Email : csdebtn.co.id







| 02

Profile of Bank BTN

GENERAL INFORMATION OF THE COMPANY

Company Name [GRI 2-1][OJK C.2]

PT Bank Tabungan Negara (Persero) Tbk

Establishment Date

9 February 1950

Number of Employees

12,045 employees



Business Sector

Commercial bank, but also providing banking services based on sharia principles.

Activities, Brands, Products and Services [GRI 2-6][OJK C.4]

Based on Article 3 of the bank's Articles of Association, the scope of the company's activities is to provide commercial banking services in accordance with the prevailing laws and regulations, including those based on sharia principles.

Name Change and Effective Date of the Company's Name Change

The company was founded under the name "Postspaarbank" in 1897 and the name was changed into "Tyokin Kyoku" or "Kantor Tabungan" in 1942. The name was changed into "Kantor Taboengan Pos" in 1945 following the independence of the Republic of Indonesia. On February 9 1950, the Government of the Republic of Indonesia once again changed the name to "Bank Tabungan Pos". Effective on June 22 1963, the company changed its name to "Bank Tabungan Negara." In 1992 it officially became a persero (limited corporation).



Address of the Head Office [GRI 2-1][OJK C.2]

Menara Bank BTN

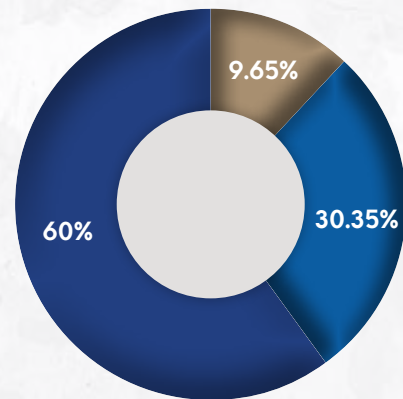
Jl. Gajah Mada No. 1 Jakarta 10130, Indonesia
62-21 6336789
62-21 6346704
www.btn.co.id



Legal Form [GRI 2-1]

Limited Liability Company (LLC)/Public Company/ State-owned Enterprises (SOE)

Shareholding [GRI 2-1][OJK C.3]



- Government of the Republic of Indonesia
- Domestic public
- Foreign public

Listing on the Indonesian Stock Exchange



17 December 2009

Share Code

BBTN

Stock Exchange

The Indonesian Stock Exchange

Legal Basis of Establishment

- Emergency Law No. 9 of 1950 Dated 9 February 1950 on 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 of 1950).
- Government Regulation in Lieu of Law No. 4 of 1963 dated 22 June 1963 on Amendments and Supplements to Law No. 36 of 1953 on Bank Tabungan Negara (State Gazette No. 86 of 1953).
- Government Regulation No. 24 of 1992 dated 29 April 1992 on Adjustment of the Legal Form of Bank Tabungan Negara to Become Limited Corporation (Persero).
- Deed of establishment of the bank as Limited Corporation No. 136 dated 31 July 1992 made before Notary Muhani Salim, S.H., in Jakarta.



Sahabat Keluarga Indonesia

Authorized Capital

Rp10,239,216,000,000,-
(ten trillion two hundred thirty-nine billion two hundred and sixteen million rupiah) divided into:

1. (one) Dwiwarna **Series A** share whose nominal value of each share is worth Rp500 (five hundred rupiah); and

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



Issued and Fully Deposited Capital

Rp7,017,222,206,500 (seven trillion seventeen billion two hundred twenty-two million two hundred six thousand five hundred rupiah).

It is data as of December 31, 2022. In connection with the implementation of the company's corporate action in the form of capital Increase by Granting Securities Subscription Rights First (PMHMETD) with the final period for allotment of additional shares on January 10, 2023.



Company Scale [GRI 2-6][OJK C.3]

Description	Unit	2023	2022	2021
Total Asset	Millions Rupiah	438,749,736	402,148,312	371,868,311
Total Equity	Millions Rupiah	30,479,152	25,909,354	21,406,647
Total Liability	Millions Rupiah	381,164,489	376,238,958	327,693,592
Temporary Syirkah Fund Millions Rupiah	Millions Rupiah	27,106,095	24,862,275	22,768,072
Number of Employees	Persons	12,045	11,859	11,192
Number of conventional networks	Offices	3,553	3,550	3,658
Number of sharia networks	Offices	109	110	109
Number of products/ services provided	Category Product/Service	4 (four): 1. Home Ownership Credit (HOC) and Consumer Banking 2. Residential and Commercial Banking 3. Sharia Banking 4. Treasury & Asset Management	4 (four): 1. Home Ownership Credit (HOC) and Consumer Banking 2. Residential and Commercial Banking 3. Sharia Banking 4. Treasury & Asset Management	4 (four): 1. Home Ownership Credit (HOC) and Consumer Banking 2. Residential and Commercial Banking 3. Sharia Banking 4. Treasury & Asset Management
Largest shareholder	Percent	Indonesian Government-60%	Indonesian Government-60%	Indonesian Government-60%



THE COMPANY'S VISION, MISSIONS, AND VALUES

[GRI 2-23][OJK C.1]

Vision



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



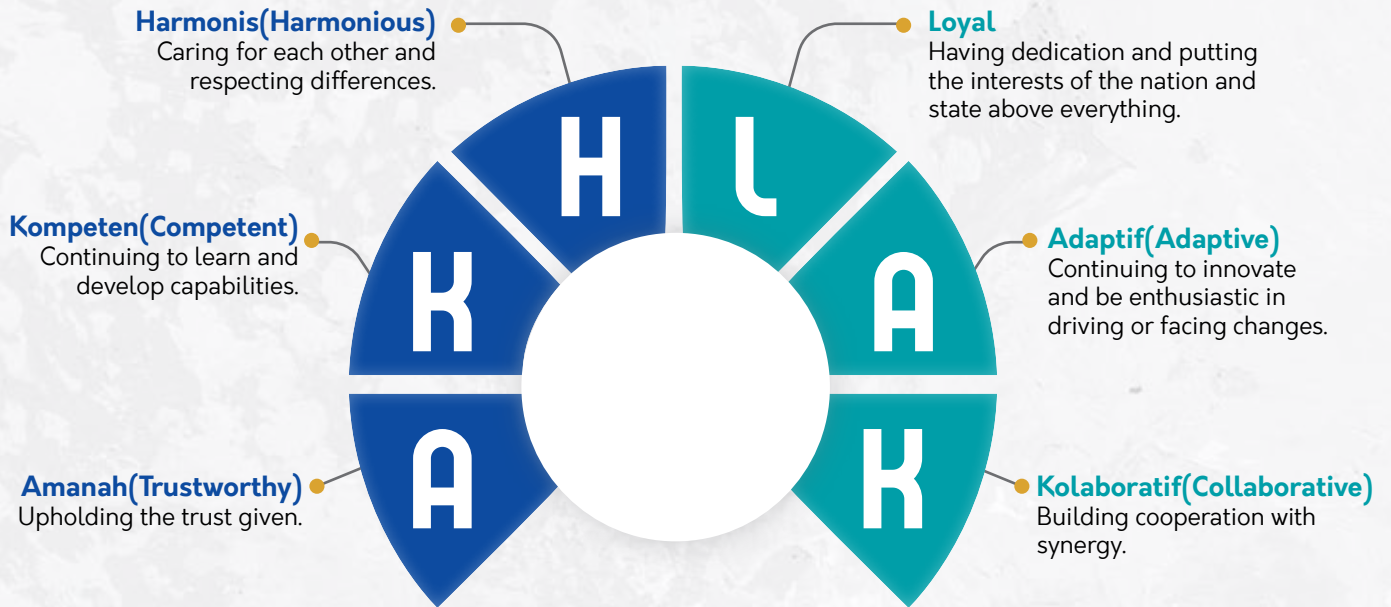
Mission

- To actively support the government in advancing the welfare of the Indonesian people through home ownership;
- To realize the life that millions of Indonesians dream of by providing decent housing;
- To become One of the Home of Indonesia's Best Talent;
- To increase shareholder value by focusing on sustainable profitability growth as a blue-chip company with solid risk management principles; and
- To become a financial partner for stakeholders in the housing ecosystem by providing comprehensive solutions and the best services through digital innovation.

Review of Vision and Mission by the BoC and the BoD

The company periodically reviews its vision and mission by considering changes in internal and external environmental conditions. The results of the vision and mission review by the Board of Commissioners and the Board of Directors carried out in 2021 and the recommendations from McKinsey stated that the formulation of the new vision and mission was in accordance with changes in internal and external environmental conditions. The new vision and mission have been established in the company's Corporate Plan 2021—2025 and have been outlined in the bank's Business Plan 2022—2025.

The Company's Culture [GRI 2-23]



18 (eighteen) AKHLAK Behavior Guidelines for BTN Personnel

Amanah

- Fulfilling promises and commitments
- Being responsible for tasks, decisions and actions taken
- Adhering to moral and ethical values

Kompeten

- Upgrading self-competence to answer ever-changing challenges
- Helping others to learn
- Completing tasks with the best quality

Harmonis

- Respecting everyone regardless of their background
- Helping others
- Building a conducive work environment

Loyal

- Maintaining the good name of fellow employees, leaders, SOEs and the state
- Having willingness to make sacrifices to achieve greater goals
- Obeying the leadership as long as it does not conflict with law and ethics

Adaptif

- Quickly adapting to make improvement
- Continuously making improvements following technological developments
- Taking actions proactively

Kolaboratif

- Giving opportunities for various parties to contribute
- Being open to work together to produce added value
- Mobilizing the utilization of various resources for common goals

THE COMPANY'S BUSINESS ACTIVITY [GRI 2-6][OJK C.4]

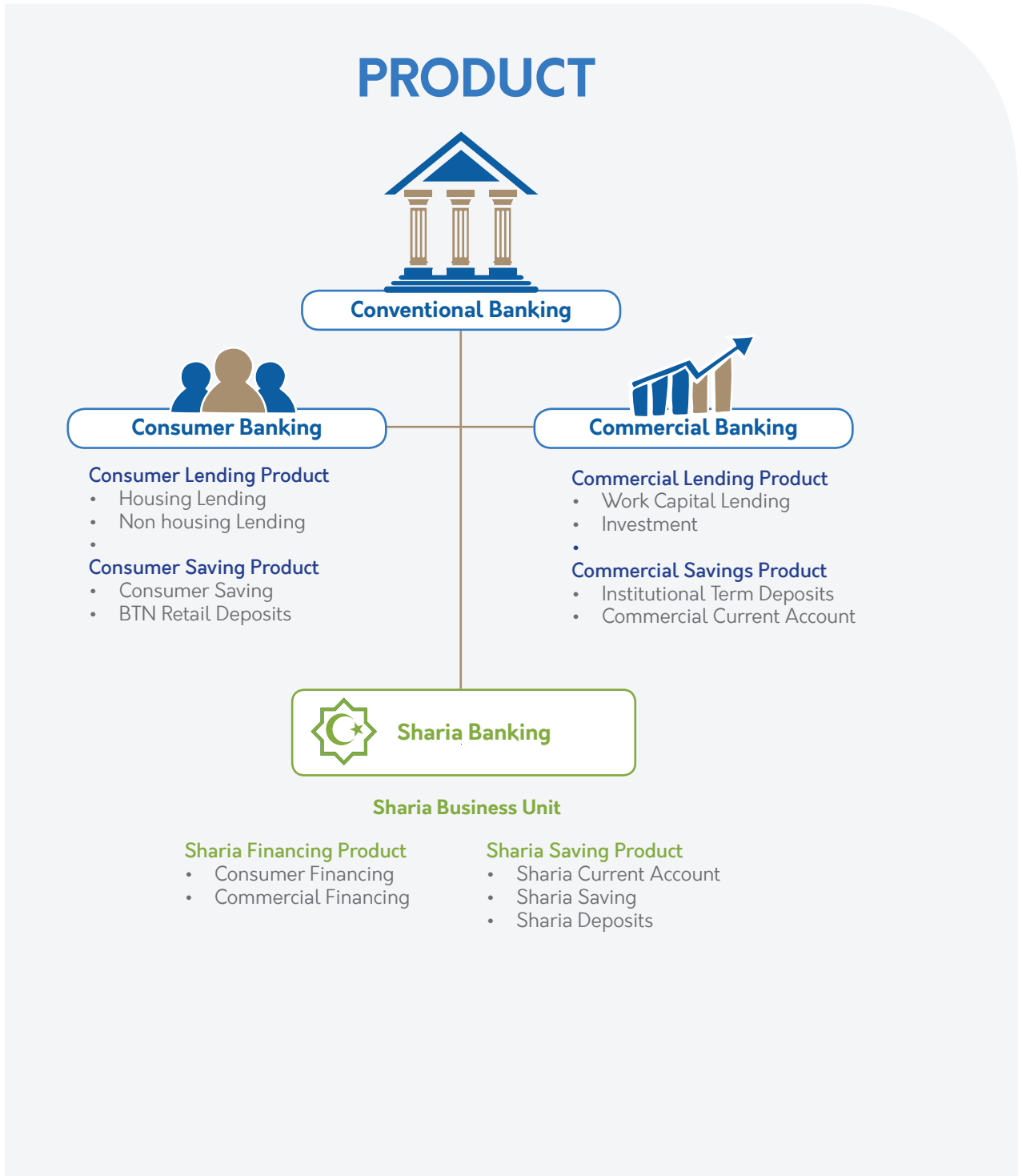
The scope of the bank's business based on Article 3 Paragraph 2 of the company's Articles of Association which has been amended several times, which was most recently based on Deed of Statement of Decisions of the Annual General Meeting of Shareholders No.08 dated 08 April 2021 and was made before Ashoya Ratam, S.H., M.Kn., notary in Jakarta, is carrying out general banking activities in accordance with the prevailing laws and regulations, including carrying out banking activities based on sharia principles.

The company carries out business fields that include the following matters:

- Collecting funds from the public in the form of savings, which include current accounts, time deposits, certificates of deposit, savings and/or other equivalent forms;
- Providing loans;
- Issuing a debt acknowledgment letter;
- Buying, selling, or guaranteeing at one's own risk or for the benefit and at the behest of one's customer:
 - Bills of exchange include those accepted by the company as a bank whose validity period is no longer than the custom in the trading of the note in question;
 - Debt acknowledgment letters and other trade papers whose validity period is no longer than the customary practice in trading the papers in question;
 - State Treasury Papers and Government Guarantee Letters;
 - Bank Indonesia Certificate (SBI);
 - Bonds;
 - Term trading letters in accordance with laws and regulations; and
 - Other securities instruments with maturities in accordance with laws and regulations
- Transferring money, both for own interests and for customers' interests;
- Placing funds with, borrowing funds from, or lending funds to other banks, be it by using letters, telecommunication facilities, or by money orders, checks, or other means;
- Receiving payments from bills on securities and carrying out calculations with or between third parties;
- Providing a place to store goods and securities;
- Carrying out custody activities for the benefit of another party based on a contract;
- Placing funds from customers to other customers in the form of securities that are not listed on the Stock Exchange;
- Providing financing and/or carrying out other activities, including carrying out activities based on sharia principles in accordance with the provisions stipulated by Bank Indonesia;
- Carrying out factoring, providing credit card service, and providing trustee service;
- Carrying out activities in foreign currency by fulfilling the provisions set by the authorities;
- Carrying out capital investment activities in banks or other companies in the financial sector;
- Carrying out temporary capital investment activities to overcome the consequences of credit failure, including financing failure based on sharia principles with the condition that the investment must be withdrawn in accordance with the provisions stipulated by Bank Indonesia;
- Acting as the founder of the pension fund and administrator of the pension fund in accordance with the provisions of the laws and regulations;
- Providing financial services, commercial banking and other investment banking services;
- Carrying out business activities based on sharia principles, in accordance with the provisions stipulated by the competent authority and laws and regulations; and
- Carrying out other activities commonly carried out by banks as long as they do not conflict with laws and regulations.

All business activities according to the Articles of Association have been carried out by the company. The company not only carries out main business activities, but also supports business activities to support main business activities. This is part of the measures to optimize existing resources as long as it does not conflict with laws and regulations.

Development of the Company's Products and Services



SERVICE



Conventional Banking

- Consumer Card
- Wealth Management
- ATM Electronic Channel
- Cash Deposit Machine (CDM)
- Non-Cash ATM
- SMS Banking
- Mobile Banking
- Internet Banking
- Virtual Account
- Electronic Data Capture (EDC)
- Cash Management
- Branchless Banking
- BTN Properti Portal
- Other Banking Services:
 - Garansi Bank BTN
 - SKBDN or Local L/C
 - BTN Virtual Account
 - Transfer Management
 - Payment Management
 - BTN Payroll Service
- LinkAja
- Online Onboarding Open Account
- SMS Notification
- BTN Merchant
- BTN Agent
- Smart Residence
- Money Transfer
- Money Changer
- RTGS
- SDB
- Custodian
- Trustee



Sharia Banking

- BTN Syariah Visa Debit Card
- Money Transfer
- BTN Cash Management
- BTN iB Payment Point
- BTN iB Payroll
- Receipt of Hajj Travel Expenses
- BTN iB Online Education Development Contribution
- BTN iB Operational Development Program
- BTN iB Bank Guarantee
- BTN iB Safe Deposit Box

OPERATIONAL AREAS AND MARKETS SERVED

[GRI 2-1][GRI 2-6][OJK C.3]



Until **the end of 2023**, the company had operated in **Indonesia** with its **head office located in Jakarta** and an office network spread across **38 (thirty-eight) provinces in the country**.

Note	2023	2022	2021
I. CONVENTIONAL NETWORK			
Regional Office	6	6	6
Branch Office	81	80	79
Sub-Branch Office	541	539	545
Cash Office Equivalent Service Office	2,922	2,922	2,922
Functional Office	3	3	55
Mobile Cash Car	-	-	51
Note	2023	2022	2021
II. SHARIA NETWORK			
Sharia Branch Office	34	30	29
Sharia Sub-Branch Office	75	74	68
Sharia Functional Office	-	6	12
Cash Car	5	2	-
Note	2023	2022	2021
III. NETWORK			
ATM and CRM	2,209	2,129	1,982

Based on **Regulation of the Financial Services Authority (OJK) Number 12/POJK.03/2021 dated 30 July 2021 on Commercial Banks**, there is a simplification of network recording with the OJK Regulator. The categorization of **bank offices under branch offices is simplified into sub-branch offices and functional offices**. To that end, the company equalizes the status of cash offices to sub-branch offices and payment points to functional offices.



	Sumatera	Java	Kalimantan	Sulawesi	Bali and Nusa Tenggara	Maluku and Papua
Regional Office	1	4	-	1	-	-
Branch Office	12	48	7	8	3	3
Sub-Branch Office	774	1,981	327	156	154	71
Sharia Branch Office	9	18	3	3	1	-
Sharia Sub-Branch Office	18	51	3	2	1	-
ATM and CRM	241	1,503	94	103	50	24

SUPPLY CHAIN [GRI 2-6][OJK B.1]

Involvement and support from all the company's stakeholders is one of the key factors in achieving success and sustainability. One of them is support from suppliers who ensure the availability of resources, goods, and services to support activities, specifically in providing the company's daily operations, including providing information technology, office stationery, furniture, souvenirs, consulting services, etc.

The company's procurement of goods and/or services is carried out in an integrated manner using an electronic system (e-Procurement). The use of this system is part of the company's efforts to reduce GHG emissions by saving paper in daily operations.

The company always supports local and national economy through Special Policy Guidelines for the Implementation of Procurement of Goods and/or Services KK.9-H dated 30 June 2022 realized by implementing the principle of using domestic production while still complying with the provisions of the prevailing laws and regulations. The company collaborates with local suppliers, which are suppliers who are geographically domiciled in the country. If the needs for goods and services cannot be met by local suppliers, or for certain reasons/considerations, the company will collaborate with overseas/foreign suppliers, which are geographically domiciled outside Indonesia.

The company's commitment to prioritizing local suppliers is based on the Circular of Minister of SOE No. SE-10/MBU/08/2020 dated 26 August 2020 on Promoting the Role of Micro, Small and Medium Enterprises in Procurement of Goods and Services in State-Owned Enterprises. This commitment is also in line with the Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia Number PER-08/MBU/12/2019 on General Guidelines for Implementing the Procurement of Goods and Services for State-Owned Enterprises. Meanwhile, in managing outsourcing, the company complies with Regulation of Bank Indonesia Regulation No. 13/25/2011 Dated 9 December 2011 regarding Transfer of Part of the Work to Other Parties, without outsourcing core activities to other parties. [GRI 3-3]

The number of procurements of goods and/or services carried out by the company in 2023 was 847 procurements with a total of 452 suppliers of goods and services recorded. The number of suppliers increased compared to that in 2022 at 314 suppliers. Of the total 452 suppliers registered as the company's supplier partners, 100% are Indonesia's local suppliers. The company has not carried out a social impact assessment in the supply chain. [GRI 204-1, 414-2]

The percentage of transaction value for the procurement of goods and services from the company's suppliers is as follows: [GRI 204-1]

Segment	2023	2022	2021
Local Supplier	100%	100%	100%
Overseas Supplier	0%	0%	0%
Total	100%	100%	100%

The amount of expenditure directed to local suppliers as well as the company's total expenditure in the last 3 years are as follows:

Expenditure (Rp Billion)	
2023	2022
1,864	1,160

To support sustainable procurement of goods and/or services and consider the ESG aspects, the company has implemented several requirements as follows: [GRI 414-1][FS5]

1. Protecting the environment, both inside and outside the work location and limit damage and influence/disruption to the community and its property as a result of pollution, noise and other damage;
2. Documents on Environmental Management Scheme and Environmental Monitoring Scheme;
3. Environmental Impact Analysis (EIA);
4. Study/document regarding quality/good criteria for environmental damage;
5. Environmental permit documents;
6. Water disposal study document;
7. Document stating they have implemented an Occupational Health and Safety (OHS) Management System that is integrated with the company's management system or have OHS management system certification; and
8. Document stating they have implemented protection for child and female workers; and
9. Providing insurance to employees who have high risks.

To improve suppliers' capabilities, the company carries out regular monitoring and evaluation that includes the following aspects:

1. Quality
2. Delivery
3. Responsiveness
4. Flexibility
5. Price

The company consistently initiates the dissemination of environmental, social, and governance performance improvements throughout its supply chain. During the reporting period, the company engaged with suppliers in the "Synergy & Collaboration" event. The topics discussed included Digital Market for Small and Medium Enterprises Digital Market (PaDi UMKM), increasing the use of domestic products (P3DN), and anti-corruption measures.

SIGNIFICANT CHANGES [GRI 2-6] [OJK C.6]

During the reporting year, there was a change in the composition of shareholders, with domestic public ownership increasing to 30.35% and foreign public ownership to 9.65%. Additionally, there was an increase in the number of suppliers in the company's supply chain. However, there were no significant changes regarding supplier locations and supply chain structures in 2023.

External Initiatives

The company actively participated in external initiatives as a form of implementing sustainable finance and responding to climate change. The company follows various guidelines developed by external parties that apply nationally and internationally. Apart from that, the company has also prepared a Sustainable Financial Action Plan (SFAP) in accordance with Regulation of the Financial Service Authority No. 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies. [TCFD Risk.b]

Association Membership [GRI 2-28] [OJK C.5]

The company joins various associations/associations in the banking industry, including its status as a SOE. Organizations or associations are important for the company to share issues and policies related to the banking industry, including the impact and opportunities for banking industry for short, medium and long term goals. In 2023, the company joined the following associations/associations:

Association Name	Position in the Association
Association of State-Owned Banks (Himpunan Bank-Bank Milik Negara/Himbara)	Member
Association of Indonesian Bankers (Ikatan Bankir Indonesia/IBI)	Secretary General
World Saving Bank Institution (WSBI)	Member
Association of National Commercial Banks (Perhimpunan Bank-Bank Umum Nasional/Perbanas)	Deputy General Chairperson 1
Public Relations Forum for State-Owned Enterprises (Forum Humas BUMN)	Member
Association of Indonesian Issuers (Asosiasi Emiten Indonesia)	Member
External Loss Data Consortium (Konsorsium Data Kerugian Eksternal/KDKE)	Member
Certified Wealth Manager's Association (CWMA)	Member
Indonesian Payment Systems Association (Asosiasi Sistem Pembayaran Indonesia/ASPI)	Member
Associate Cambiste Internationale (ACI) Indonesia (Forexindo)	Member
Banking Compliance Director Communication Forum (Forum Komunikasi Direktur Kepatuhan Perbankan/FKDKP)	Member
Indonesian Banking Dispute Resolution Alternative Institute (Lembaga Alternatif Penyelesaian Sengketa Perbankan Indonesia/LAPSPI)	Member
Association of Bank Internal Auditor (Ikatan Auditor Intern Bank)	Member
Indonesian Internal Audit Association (Perhimpunan Audit Internal Indonesia)	Member
The Institute of Internal Auditor (IIA)-Indonesia Chapter	Member
Task Force on Climate Related Financial Disclosures	Member
United Nation Environment Programme Finance Initiative (UNEP FI)	Member
Initiatives for Sustainable Finance in Indonesia (IKBI)	Member

COMPANY'S BRIEF HISTORY

PT Bank Tabungan Negara (Persero) Tbk, hereinafter referred to as "the Company" is a state-owned enterprise (BUMN) in the form of a limited liability company and operates in the banking financial services sector. The company is committed to becoming a bank that serves and supports housing sector financing through three main products, including personal banking, business banking, and sharia banking. The company's origin began with the establishment of Postpaarbank during the Dutch government era in 1897. Afterwards, Postpaarbank was taken over during the Japanese occupation in 1942 and changed its name to Tyokin Kyoku or Kantor Tabungan (Savings Office). This continued in 1945, when the Indonesian government took over Tyokin Kyoku and established the Kantor Taboengan Pos. After the independence era in 1950, the Government of the Republic of Indonesia changed the name of Tyokin Kyoku to Bank Tabungan Pos based on Emergency Law No. 9 of 1950 of February 9 1950. Afterwards, based on Government Regulation in Lieu of Law No. 4 In 1963, the company changed its name to Bank Tabungan Negara which has remained until today.

In line with the government's program to promote housing programs for the people, the government in 1974 appointed the company as the only institution that distributed Home Ownership Credit (HOC). The first realization of HOC distribution was carried out in 1976 at Tanah Mas Housing Complex in Semarang City. On April 29 1989, the company began operating as a state-owned commercial bank. The company's status was changed to a state-owned limited liability company based on Government Regulation No. 24 of 1992. The bank establishment document establishing as a limited corporation was made before notary Muhani Salim, S.H., in Deed No. 136 dated 31 July 1992, which was validated by Minister of Justice through Decision No. C2-6587.HT.01.01.TH.92 Dated 12 August 1992, and announced in State Gazette No. 73 Dated 11 September 1992 Supplement No. 6A.

Based on Decision of the Board of Directors of Bank Indonesia No. 27/55/KEP/DIR on 23 September 1994, the company obtained an operating license as a foreign exchange bank. In 2002, the company was designated as a commercial bank that focuses on home financing. The company has obtained approval from Bank Indonesia to carry out general banking activities based on sharia principles through letter No. 6/1350/DPbS Dated 15 December 2004. The company began carrying out its activities based on sharia principles on February 14, 2005 with the start of operations of the first sharia branch in Jakarta-Harmoni.

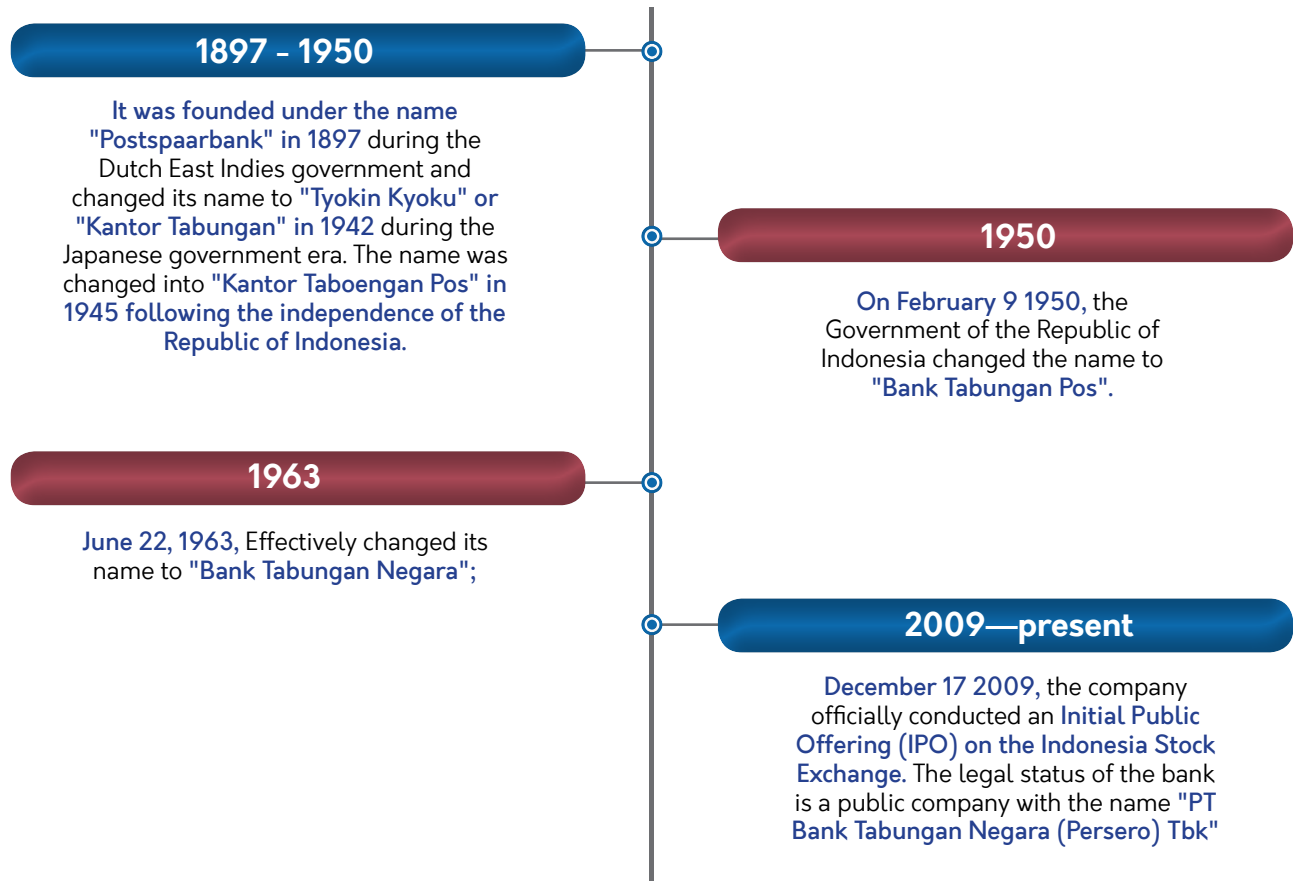
In 2009, the company carried out the first HOC securitization in Indonesia. The company carried out asset securitization through recording the Collective Investment Contract - Asset Backed Securities (CIC-ABS) transaction and on December 17 2009 it carried out an Initial Public Offering (IPO) and listing on the Indonesian Stock Exchange. In 2015, the company played an important role in assisting the government program, namely the "Program Sejuta Rumah untuk Rakyat" (the Million Houses for the People Program). The company was appointed as one of the banks that supports this program through mortgage financing.

In 2017, the transformation process towards digital banking within the company continued. The company continues to accelerate transformation in the digital era in all banking services, one of which is by opening smart branches which are equipped with various services to facilitate customer needs in obtaining banking information, carrying out communications, transactions, registration and opening accounts.

The company reinforced its position as the 5th largest bank and became a Housing Market Maker in 2019. In 2022, the company held a Rights Issue or issuance of new shares for the second time after 2012. The issuance of new shares was one of the company's efforts to increase credit expansion while simultaneously strengthening capital to oversee its mission to become the Best Mortgage Bank in South East Asia.

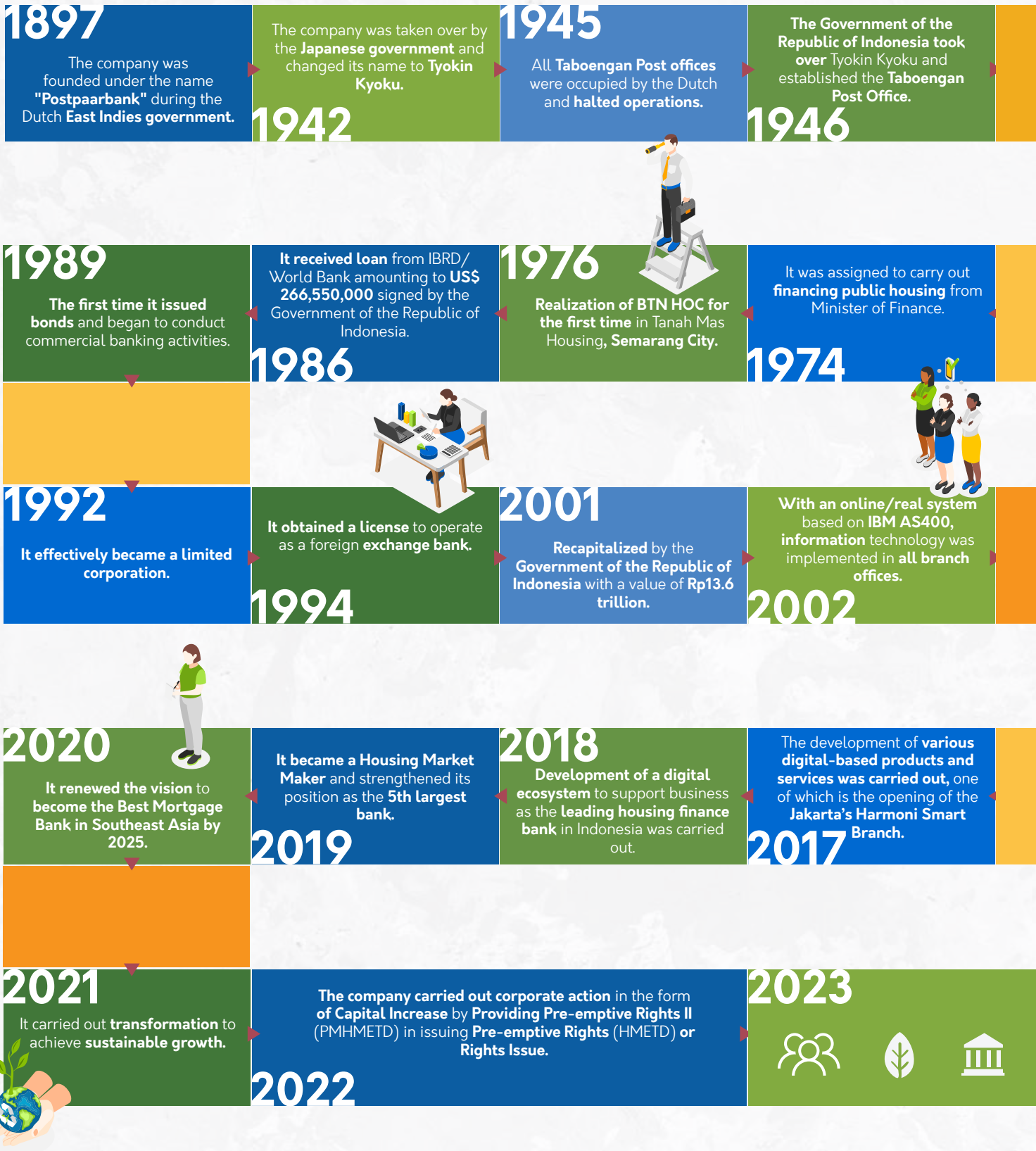
Note on Name Change

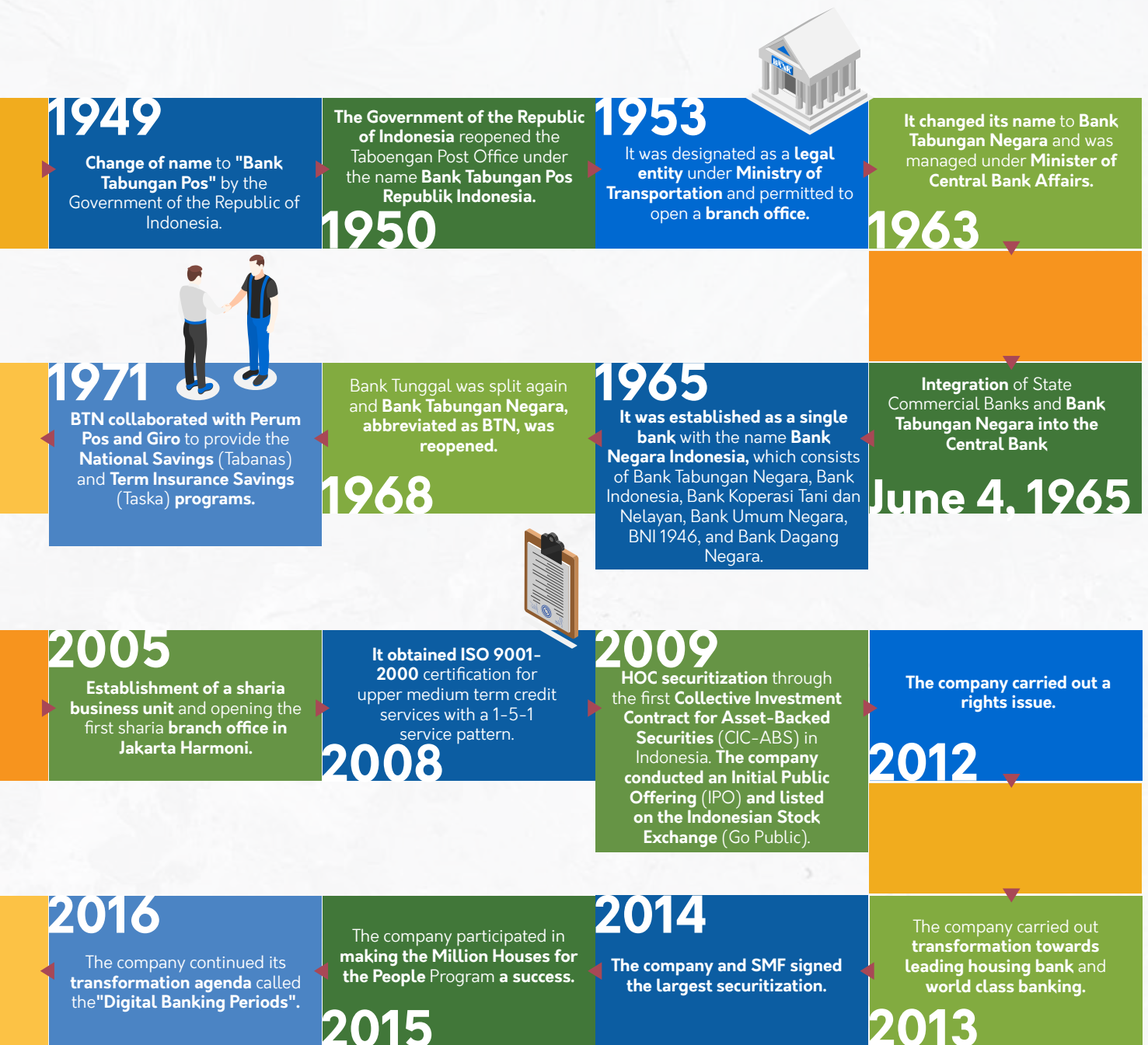
The name "PT Bank Tabungan Negara (Persero) Tbk" has quite a long history.



The company continues to expand its business and business area coverage all the time, especially after becoming a public company with the stock code BBTN. The company has managed to reach market share in 38 (thirty eight) provinces in Indonesia as of December 31, 2023. In conducting its business operations, apart in the head office, the company has 6 regional offices 81 branch offices (including 34 sharia branch offices), 541 sub-branch offices (including 75 sharia sub-branch offices), 3 functional offices, 2,922 sharia cash offices, 4 sharia cash vehicles , 3,789 e-channels (ATM and CRM).

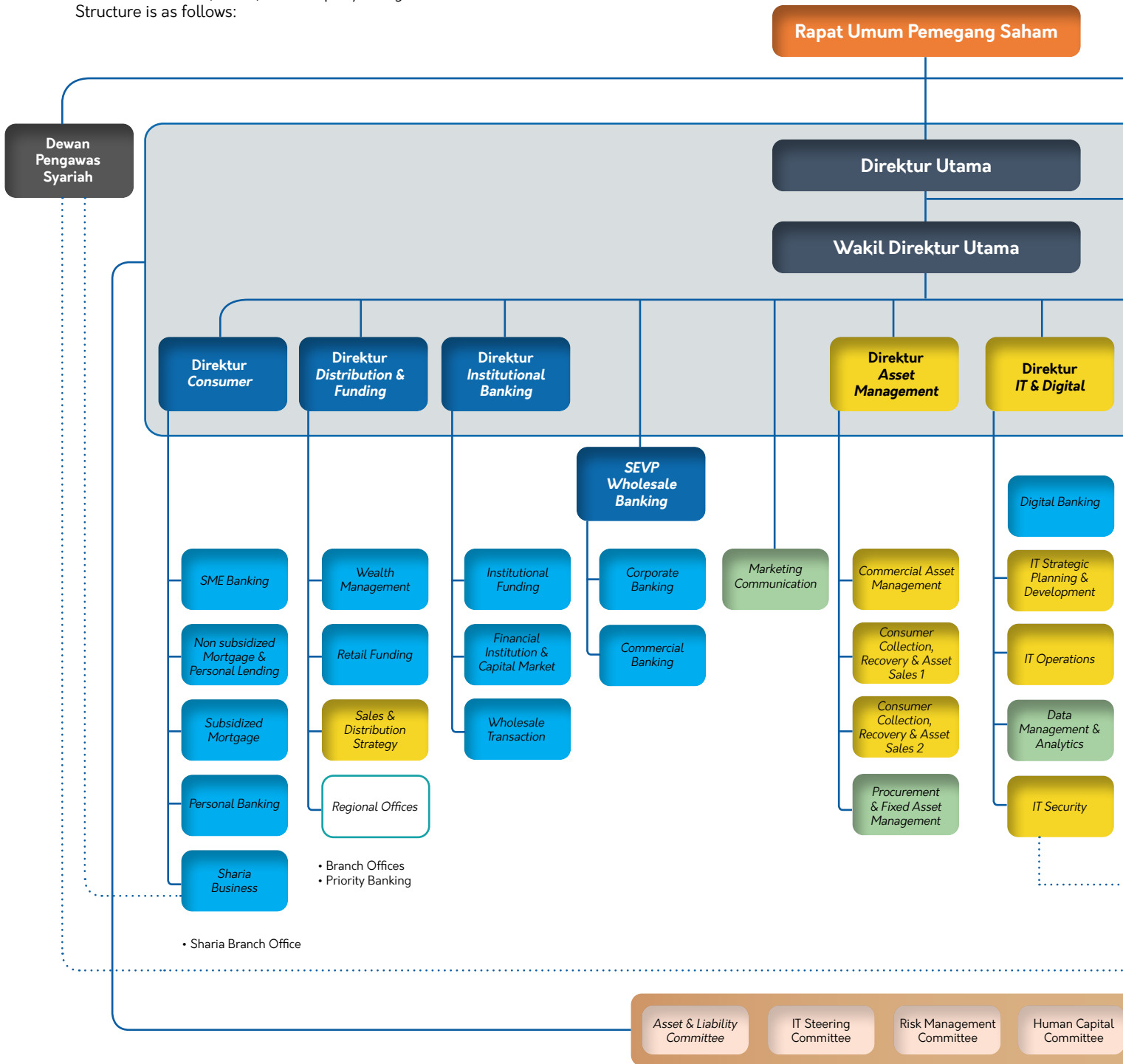
MILESTONES



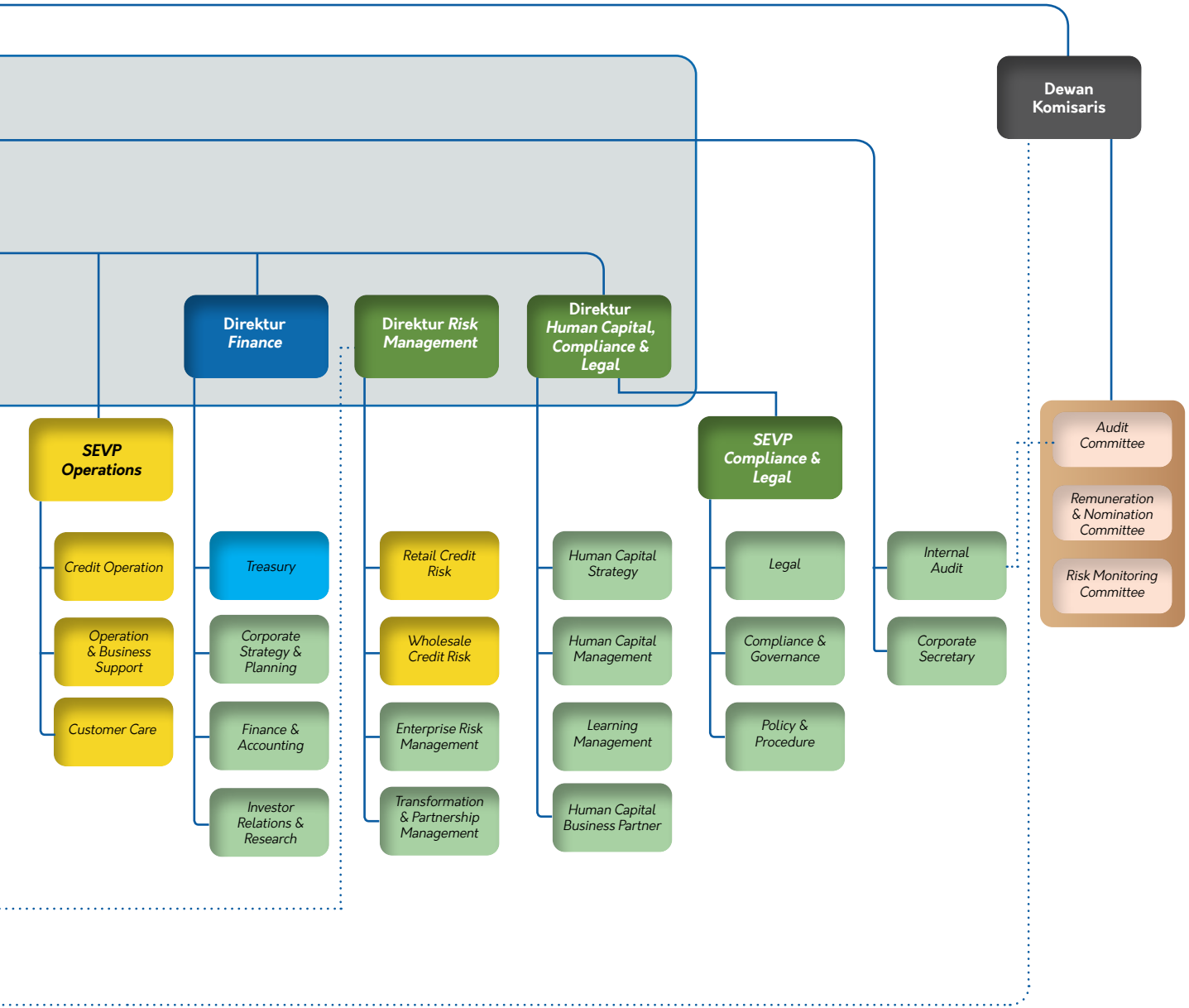


ORGANIZATIONAL STRUCTURE

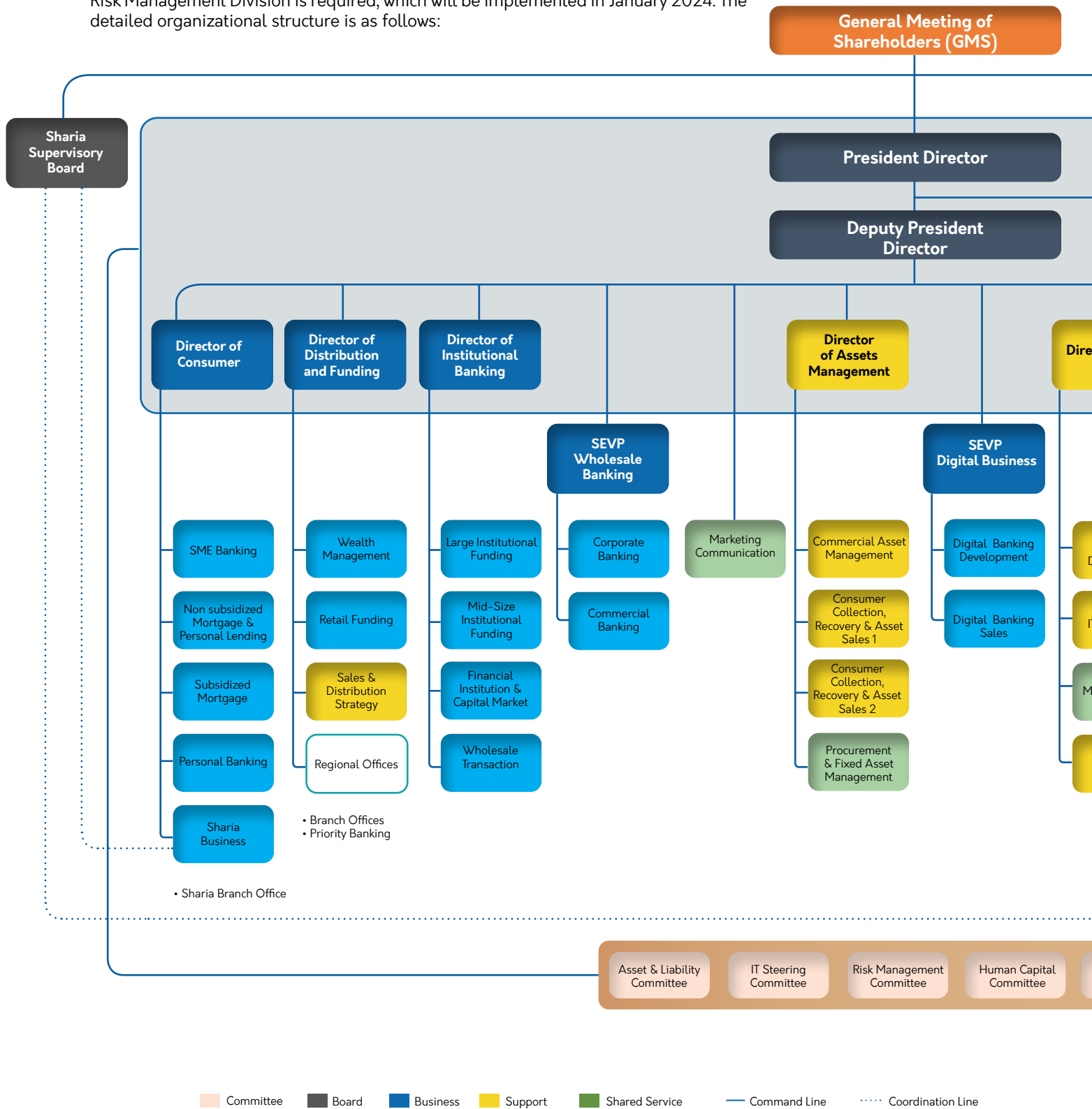
As of December 31, 2023, the Company's Organizational Structure is as follows:

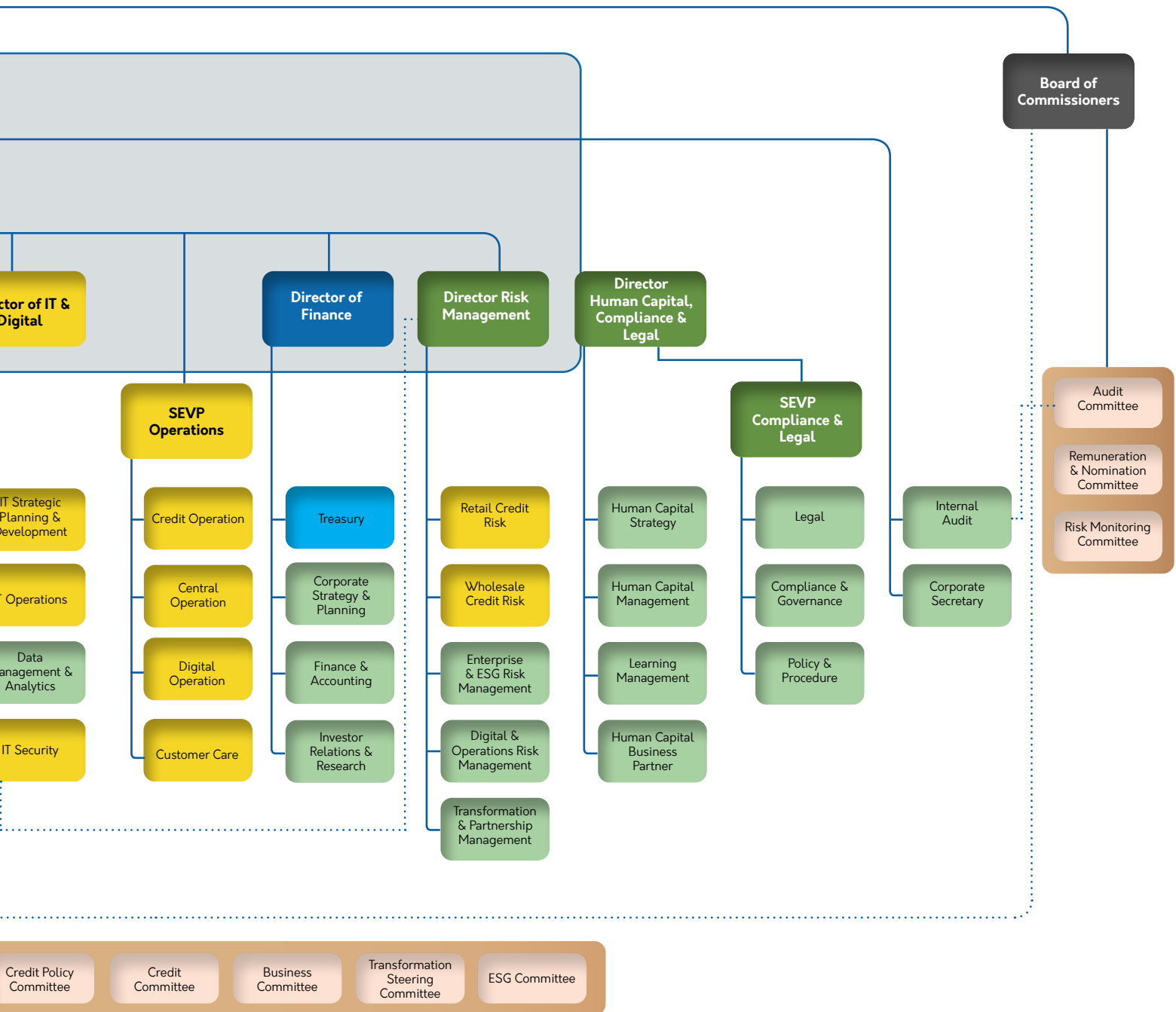


■ Committee
 ■ Board
 ■ Business
 ■ Support
 ■ Shared Service
 — Command Line
 - - - - - Coordination Line



According to the approval decision of the Board of Commissioners and the Board of Directors in December 2023, in line with the IT & Digital Risk and ESG roadmap, the formation of the Enterprise & ESG Risk Management Division and Digital & Operations Risk Management Division is required, which will be implemented in January 2024. The detailed organizational structure is as follows:









03

Inclusive and Sustainable Economic Growth

THE COMPANY'S ECONOMIC PERFORMANCE IN 2023 [GRI 3-3]

The national economic growth remains stable amid the slowing global economic pace. Data from the Central Statistics Agency (BPS) shows a year-on-year economic growth of 4.94% in the third quarter of 2023, slightly decelerating from the previous quarter's growth of 5.17%.

This condition indicates that Indonesia's economic recovery trend continues, remaining stable. The improving national economy positively correlates with the banking sector's performance. The banking industry plays a crucial role in the economy as an intermediary institution channeling public funds into productive asset investments, thereby driving productivity in the real sector, capital accumulation, and aggregate output growth.

The Company continues to contribute by leveraging these challenges as an opportunity for recovery, strengthening, and economic growth. The Company once again recorded impressive performance and contributions in the property sector, particularly in housing finance, with a positive performance as a major contributor to the distribution of Home Ownership Loans (KPR) in Indonesia. The Company's portfolio in 2023 touched the figure of Rp318.12 trillion with a market share of 40%. Throughout the year 2023, the company has financed 878,727 housing loans (KPR).

In support of the government's efforts to realize decent and affordable housing, the Company ensures subsidy allocations for subsidized housing finance programs through the distribution of subsidized KPR to low-income communities (MBR). Out of the total KPR distributed by the Company, 130,830 units are subsidized KPR with a disbursement value of Rp20.11 trillion. With this achievement, the Company became the dominant player in subsidized KPR with a portfolio of 40% of the total market. In fulfilling its role as a KPR distributor, the Company is not limited to financing housing alone but also through the implementation of programs that facilitate potential consumers to access and obtain KPR facilities.

The Company's efforts and consistency in implementing economic performance have yielded impressive results. The net profit for the current year reached Rp3.5 trillion, or 114.64% of the target. [OJK F.2]

Comparison of Bank's Business Targets and 2023 Financial Realization [OJK F.2]

Description	Realization in 2023 (Rp Billion)	Target in 2023 (Rp Billion)	Attainment
Financial Position			
Assets	438,750	430,948	102.07%
Loans Provided*	318,106	329,828	96.45%
Liabilities	408,270	401,402	101.71%
Deposits from Customers	322,501	321,316	100.36%
Giro Transfers**	142,809	134,507	106.17%
Savings**	38,999	43,933	88.77%
Deposits**	140,693	142,876	98.47%
Equity	30,479	29,546	103.16%
Profit (Loss)			
Interest Income	28,281	27,729	101.99%
Operational Income Other Than Interest	3,891	3,246	119.87%
Profit Before Tax	4,380	3,904	112.19%
Net Profit	3,501	3,054	114.64%
Financial Ratio (%)			
Capital Adequacy Ratio (CAR)	20.07%	19.30%	0.77%
Gross Non-Performing Loan (NPL)	3.01%	3.45%	(0.44%)
Return on Assets (ROA)	1.07%	0.95%	0.12%
Return on Equity (ROE)	13.86%	12.16%	1.70%

*) Including sharia financing

***) Does not include syirkah

BTN ACHIEVES AWARD AS THE MAIN CONTRIBUTOR TO THE NATIONAL HOUSING PROGRAM



On August 25, National Housing Day (Hapernas) is commemorated. In 2023, the theme of Hapernas, as carried by the Ministry of Public Works and Public Housing (PUPR), is "Continuing Collaboration to Realize Decent, Sustainable, and Affordable Housing for ALL." On the peak night of Hapernas 2023, the Ministry of PUPR appreciated BTN for being a major contributor to the national housing program to reduce the housing backlog in Indonesia, especially in the low-income community (MBR) segment.

The Ministry of PUPR awarded BTN for its role as the Bank Distributing the Most FLPP and Tapera Mortgages in 2023. As part of the Hapernas 2023 activities, Bank BTN also organized a simultaneous mass signing of BTN Home Ownership Loans (KPR BTN). Since the government launched the subsidized mortgage program, Bank BTN has disbursed more than 3.96 million units and experienced annual increases. In the future, Bank BTN will continue to strive to improve public access to decent and affordable housing.

CREDIT DISTRIBUTION

During 2023, the Company has disbursed loans amounting to Rp318.11 trillion. This amount has increased by Rp19.83 trillion, or equivalent to 6.65%, compared to the previous year which amounted to Rp298.28 trillion. This achievement fulfills 96.45% of the 2023 RBB amounting to Rp329.83 trillion. The realization of this achievement is contributed by the absorption of housing loans, both subsidized and non-subsidized.

The Company facilitates loan disbursement as a commitment to support the "One Million Homes Program" as an effort to reduce the housing deficit. The volume of the Company's consumer loan disbursement is recorded at 199,030 units of houses. This value increased by 9,730 units, or equivalent to 5.14%, compared to the year 2022, which reached 189,300 units of houses. The increase is attributed to the rise in non-subsidized housing loans by 4,242 units, or equivalent to 13.25%, and non-housing loans by 7,223 units, or equivalent to 46.33%, compared to the year 2022.

Consumer Credit Product Disbursement Volume

Type of Consumer Credit	2023 (Unit)	2022 (Unit)	Increase (Decrease)	
			(Unit)	(%)
Housing Loans				
Subsidized KPR	130,830	136,530	(5,700)	(4.17)
Non-subsidized KPR	36,261	32,019	4,242	13.25
Other Housing Loans	9,127	5,162	3,965	76.81
Total Housing Loans	176,218	173,711	2,507	1.44
Non-housing Loans	22,812	15,589	7,223	46.33
Consumer Credit Disbursement Volume	199,030	189,300	9,730	5.14

The Company recorded an increase in the disbursement of consumer credit products as of December 31, 2023, amounting to Rp42,46 trillion. This value increased by Rp661.87 billion, or equivalent to 1.58%, compared to the year 2022 which reached Rp41.79 trillion. The increase is attributed to the growth of housing loans by Rp5.33 trillion or equivalent to 15.99%.

Value for Distribution of Consumer Credit Products

Type of Consumer Credit	2023 (Rp Million)	2022 (Rp Million)	Increase (Decrease)	
			(Rp Million)	(%)
Housing Loans				
Subsidized KPR	20,114,620	19,940,663	173,957	0.87
Non-subsidized KPR	16,191,657	12,066,105	4,125,552	34.19
Other Housing Loans	2,375,231	1,343,041	1,032,190	76.85
Total Housing Loans	38,681,508	33,349,809	5,331,699	15.99
Non-housing Loans	3,775,959	8,445,786	(4,669,827)	(55.29)
Total Value of Consumer Credit Distribution	42,457,467	41,795,959	661,872	1.58

The company also facilitated the disbursement of sharia consumer loans, totaling 276,508 housing units in 2023. This figure increased by 35,101 units, or approximately 14.54%, compared to 2022, which recorded 241,407 housing units. The increase was attributed to a rise in Subsidized Home Ownership Credit by 31,896 units, or approximately 16.80%, and non-residential loans by 254 units, or approximately 8.49%, compared to 2022.

Table of Sharia Consumer Credit Disbursement Volume

Type of Sharia Consumer Credit	2023 (Unit)	2022 (Unit)	Increase (Decrease)	
			(Unit)	(%)
Housing Loans				
Subsidized KPR	221,749	189,853	31,896	16.80%
Non-subsidized KPR	50,544	47,387	3,157	6.66%
Total Housing Loans	272,293	237,240	35,053	23.46%
Non-KPR Loans	968	1,174	(206)	(17.55%)
Non-housing Loans	3,247	2,993	254	8.49%
Sharia Consumer Credit Disbursement Volume	276,508	241,407	35,101	14.54%

The company recorded an increase in Sharia consumer credit disbursement as of December 31, 2023, amounting to Rp34.77 trillion. This value increased by Rp5.59 trillion, or equivalent to 19.16%, compared to 2022, which reached Rp29.18 trillion. The increase stemmed from the growth of housing loans amounting to Rp5.58 trillion or approximately 37.24%.

Value for Distribution of Sharia Consumer Credit Products

Type of Sharia Consumer Credit	2023 (Rp Million)	2022 (Rp Million)	Increase (Decrease)	
			(Rp Million)	(%)
Housing Loans				
Subsidized KPR	22,961,992	19,039,362	3,922,630	20.60%
Non-subsidized KPR	11,604,082	9,948,479	1,655,603	16.64%
Total Housing Loans	34,566,074	28,987,841	5,578,233	37.24%
Non-KPR Loans	38,217	48,070	(9,853)	(20.50%)
Non-housing Loans	168,816	145,092	23,724	16.35%
Sharia Consumer Credit Disbursement Volume	34,773,107	29,181,003	5,592,104	19.16%

Financial performance

The Company conducts financial reporting in a transparent and comprehensive manner, which is set forth in the 2023 Annual Report. The Company recorded an outstanding financial performance in 2022. The outcomes of activities and programs outlined in the report demonstrate strong financial performance as shown in the table below:

Description	2023 (Rp Billion)	2022 (Rp Billion)	2021 (Rp Billion)
Total Assets	438,750	402,148	371,868
Bank Credit / Financing	318,106	298,282	274,835
Third Party Funds *)	322,501	321,937	296,023
Total Liabilities	381,164	376,239	327,694
Total Equity	30,497	25,909	21,407
Net Profit	3,501	3,045	2,376
Financial Ratio (%)			
Rasio Kecukupan Modal (CAR)	20.14	20.17	19.14
Gross Non-Performing Loan (NPL)	3.01	3.38	3.70
Return on Asset (ROA)	1.05	1.02	0.81
Return on Equity (ROE)	13.54	16.42	13.64
Net Interest Margin (NIM)	3.71	4.40	3.99
Operating Costs to Operating Income (BOPO)	86.36	86.00	89.28
Loan to Deposit Ratio (LDR)	95.36	92.65	92.86

*) includes deposits with other banks and temporary syirkah funds

GENERATED AND DISTRIBUTED ECONOMIC VALUE

During 2023, the Company managed its finances independently and did not receive financial assistance from the government. Additionally, the Company did not generate any revenue from opportunities and/or financial implications due to climate change. [GRI 201-2, 201-4]

The Company generated economic value and successfully delivered positive impacts to stakeholders and economic growth in Indonesia. The direct economic value generated represents the revenue derived from the Company's business activities. Subsequently, the Company distributes economic value through salaries and benefits to employees, tax payments to the government, and to the community through various activities as part of its Corporate Social Responsibility (CSR). The Company presents the direct economic value generated and distributed as shown in the table below. [GRI 3-3]

Generated and Distributed Economic Value [GRI 201-1][OJK-B.1]

Description	2023 (Rp Billion)	2022 (Rp Billion)	2021 (Rp Billion)
Generated Economic Value			
Interest Income	24,722	23,233	23,414
Profit Sharing Income under Sharia	3,559	2,674	2,381
Other Operating Income	3,891	2,275	2,517
Non-Operating Income	(160)	61	(44)
Total Economic Value Generated	32,012	28,243	28,268
Distributed Economic Value			
Interest Expenses and Bonuses	(13,203)	(9,867)	(11,671)
Profit-Sharing Expenses and Bonuses	(1,648)	(1,043)	(1,133)
Other Operating Expenses *)	(5,034)	(5,249)	(5,064)
Employee Salaries and Benefits	(3,983)	(4,190)	(3,782)
Procurement of Goods and Services	(2,239)	(1,042)	(415)
Dividend Payment to Shareholders	(609)	(237)	-
Expenditures for the Government	(3,143)	(2,465)	(2,442)
Expenditures for Community Social Investment **)	(79)	(61)	(47)
Total Economic Value Distributed	(29,938)	(24,154)	(24,554)
Amount of Retained Economic Value	2,074	4,089	3,714

*) Other operating expenses excluding employee salaries and benefits

***) Distribution of TJSL Program Funds

Contribution to the State

The Company is committed to conducting fair business practices and complying with applicable regulations. One of the implementations of this commitment is through the payment of taxes and dividends as a form of responsibility and contribution to national economic development.

The Company contributed Rp3.1 trillion to the state through various types of tax payments made in the year 2023.

The Company's Contribution to the Government

Tax Type	2023 (Rp Billion)	2022 (Rp Billion)	2021 (Rp Billion)
Income Tax (Corporate Income Tax)	1,020,952	1,001,840	820,461
Individual PPh 21	531,783	414,720	323,992
Value Added Tax (VAT)	24,307	18,032	17,121
Sales tax on luxury goods (PPnBM)	-	12	7
Land and Building Tax	365	5,103	17,252
Other Taxes	1,566,439	935,028	1,263,881
Total	3,143,845	2,374,730	2,442,714

Economic Benefit Distribution

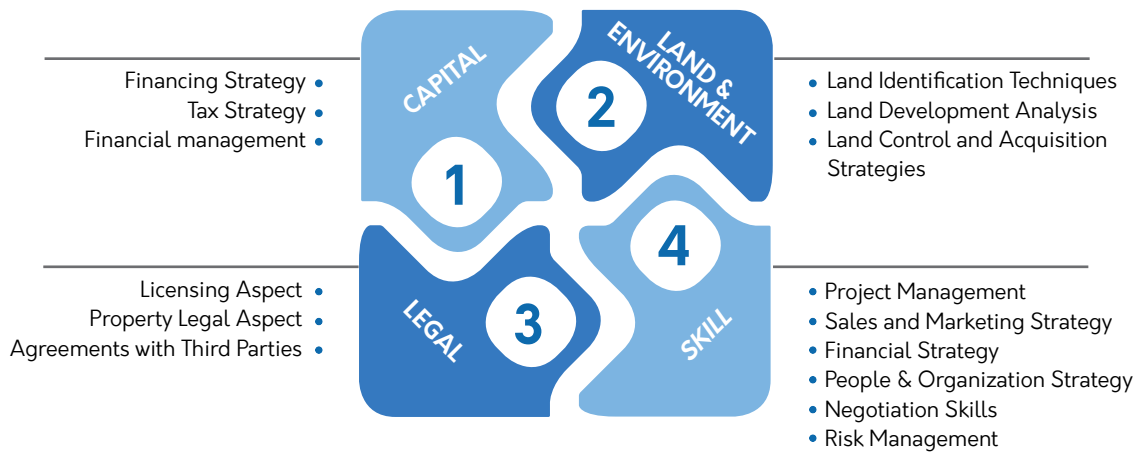
The Company has gained the trust of the government to channel funds to expand housing financing access for the public, particularly low-income communities (MBR). Through the "One Million Homes for the People" program initiated by the Jokowi-Jusuf Kalla Administration, the Company takes on the role of an agent of development within the community to contribute to solving the longstanding housing deficit issue in Indonesia. This problem arises because the demand for decent housing (housing demand) from the public continues to increase each year, but it is inversely proportional to the availability of decent housing (housing supply). Additionally, the issue becomes more complex as the number of housing developers is limited, and land prices increase annually. As a result, it becomes increasingly challenging for the public, especially those in the low-income category (MBR), to own homes.

The Company provides credit and financing that impacts various industries, particularly the housing sector. In addition to the housing sector, other sectors related to housing financing have also seen an increase. Financing for MBR houses is prioritized through Mortgage Credit (KPR), which is predominantly funded by the Company. The number of houses successfully built is as follows:

Achievements of the One Million Houses for the People Program

Year	Number of Houses Built (Units)
2015	699,770
2016	805,169
2017	904,758
2018	1,132,621
2019	1,257,852
2020	965,217
2021	632,373
2022	875,832
2023	878,727

4 Pillars of Property Development



BTN HOUSING FINANCE CENTER (HFC)

In supporting the growth of the housing industry in Indonesia, the Company established the Housing Finance Center (HFC), which was officially inaugurated on October 16, 2014. Currently, HFC has a secretariat located on JL. HOS Cokroaminoto, Menteng District, Central Jakarta, and also has a property training center located at BTN KCP UGM Yogyakarta.

Vision, Mission and Pillars of the HFC Program



Vision

To become a leading center for research, education and consultancy on housing finance



Mission

Provide superior, innovative and integrated services in research, education and consulting related to housing finance for clients

The subject matter at the HFC program leads to 4 (four) main pillar elements in the property sector which include:

Land and Environment	Capital	Legal	Skill
Relating to how to acquire or control land on which a housing project will be built.	On how to obtain and manage sources of funding in the construction of housing projects and strategies for obtaining them.	On licensing and legality of housing projects and land certification	On expertise or the ability to initiate building, developing, and marketing housing projects.

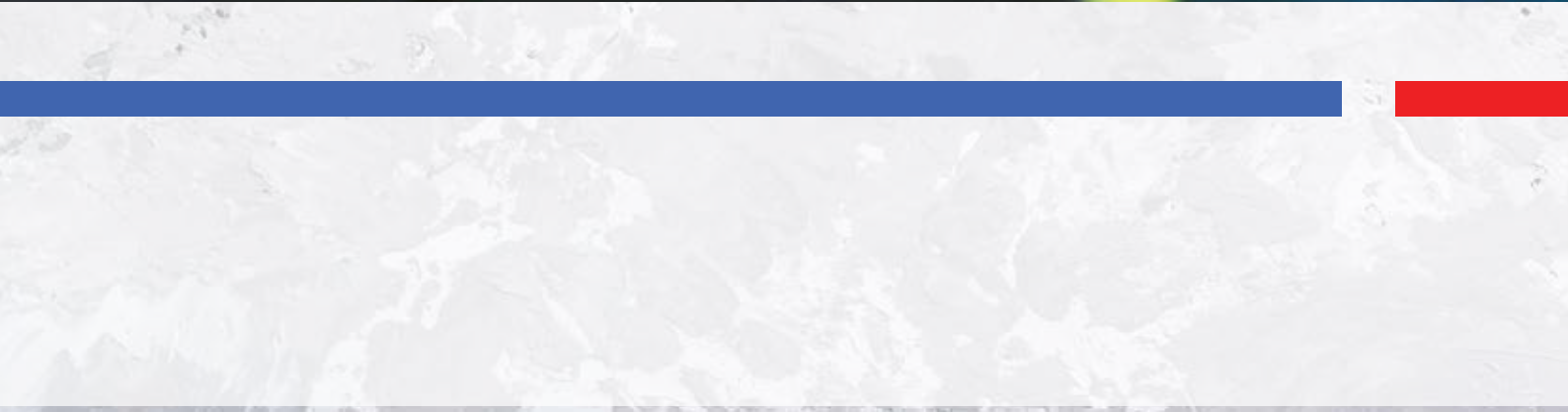
HFC Functions

Through HFC, the Company strives to support the provision of housing supply and cultivate new developers in the housing sector. This is realized through three functions of HFC derived into three business pillars, namely:

1. Learning	2. Advisory	3. Research
Housing finance education center through various forms of implementing the Housing Finance Center's flagship work program in seminars, workshops, and short courses both online and offline in collaboration with well-known universities in Indonesia, Islamic boarding schools and other agencies/ stakeholders.	Property and housing financing consultation center that collaborates with academics, practitioners, government, and community members to assist stakeholders in investing, purchasing property assets, formulating regulatory policies for the government, and engaging in collaboration, training, guidance. It also serves as an advisor to alumni or participants in the Housing Finance Center training program, ensuring their commitment to pursuing the Company's business opportunities in the field of property development and development in the property sector.	Center for housing information and research through various scientific studies on the market, business actors, developments in the house price index, economic developments, supply and demand, housing industry trends through new research, implementation research and other relevant research in the property sphere.

The derived agenda from the three main activities is as follows:

HFC's Main Activities		
Learning function	Seminars	Meetings held to discuss the property sector by presenting one or more discussion topics with their respective working papers.
	Workshops	Property literacy activities in the form of basic-level property training/education to increase awareness in the property sector for potential developers and to understand the prospects for housing business development.
	Talk Shows	Interactive dialogue to discuss topics in the property sector by bringing in relevant speakers. This activity is facilitated by a moderator, allowing the speakers to engage in a conversation by expressing their opinions.
	Short Courses	Business developer training within a specific timeframe that provides briefing, education, and short-term training to prospective developers and the community about the scope of housing development in Indonesia. This activity is carried out in collaboration with higher education institutions:
Advisory	ABCG/BCG collaboration program (Academics, Business, Community and Government)	The ABCG/BCG collaboration program (Academic, Business, Community, and Government) is a collaborative scheme involving academics from various universities, businesses (Bank BTN), communities (non-governmental organizations), and government entities (Ministry of Public Works and Housing, Ministry of Agrarian and Spatial Planning/National Land Agency, Local Governments) to assist informal Low-Income Communities (MBR) in acquiring home ownership in Kendal Regency. The program provides housing facilities for the community, including part-time teachers, street vendors, factory workers, and informal employees.
Research	BTN HPI (House Price Index)	The BTN House Price Index is able to display data on the housing price index changes, both at the national, regional, provincial, and district/city levels. The data is displayed based on the realization of housing loans with the same quality and characteristics, both nationally and in specific regions, including the real transaction prices of Non-subsidized mortgage loans (KPR). The data range covers various types of houses, ranging from 21—36, 37—45, and 46—70, as well as indices for several districts/cities. The data is reported quarterly with a monthly breakdown, and the calculations are done using a matched sales approach.
	Publication of the National Economic Forum	Publication of national scientific papers containing Banking and Economic policy themes as organized by BI, OJK and ISEI.
	Implemented Research	Researching or studying the multiplier effect of the impact of the Covid-19 pandemic, housing ecosystems, digital branches, customer satisfaction surveys, profiling customer NPLs, studies on the economic impact of placing PEN Funds and Bank BTN's market share.
	Research Fellowship	Collaborate with researchers from university/campus academics/ practitioners.





04

Environmental Sustainability



One of the pillars of the company's environmental, social and governance (ESG) framework is the management of climate change risks and their impact on the ecosystem (climate change and ecosystem). To that end, the company has designed various programs to mitigate the risks of climate change. This step is also a form of the company's contribution in supporting the government's commitment to achieving carbon neutrality (net zero emissions/NZE) by 2060 and to achieving the 13th Sustainable Development Goals (SDGs) of tackling climate change. [GRI 3-3]

LENDING POLICY BASED ON ESG ASPECTS

In implementing ESG, the Portfolio Guideline is in accordance with Technical Instructions No. PT.8-H.3 dated 1 October 2023. PT.8-H.3 dated 1 October 2023. Issuance of Portfolio Guidance is one of the tools in implementing credit risk management used to control lending concentration risk. As part of efforts to implement effective credit risk management, the bank also needs to diversify in providing wholesale lending. This is done by providing wholesale lending to industrial sectors other than the property sector, considering the level of demand and supply of wholesale lending, wholesale credit risk, and ESG aspects in industrial sectors, as well as prudential principles and sound credit management.

The determination of priority industrial sectors is based on classifications used by regulators, such as Indonesian banking statistics, Gross Domestic Product (GDP), and national banking financing portfolios. The selection of sectors is conducted through a qualitative and quantitative scoring system, grouped into 4 categories: Attractive, Neutral, Selective, and Restrictive. Industrial sectors proposed as priorities are those in the Attractive, Neutral, and Selective groups.

Furthermore, the determination of priority industrial sectors is re-evaluated with a focus on and prioritization of ESG components, thereby creating alignment between economic, social, and environmental aspects. This is in accordance with regulatory provisions such as Financial Services Authority Regulation (POJK), Financial Services Authority Circular Letter (SEOJK), Sustainable Finance Roadmap in Indonesia, Indonesian Green Taxonomy Report, Law No. 16 of 2016 concerning the Ratification of the Paris Agreement, as well as the National Medium-Term Development Plan (RPJMN).

In the Portfolio Guidelines, the company has determined 15 (fifteen) industrial sectors that can be used as guidelines for granting credit by considering ESG aspects, prudential principles and sound credit management, namely:

1. Property-Residential
2. Infrastructure and Utilities
3. Health Services
4. Financial Institutions (Commercial Banks, Securities, Insurance)
5. Multifinance
6. Transportation & Logistics
7. Agribusiness
8. Information and Technology

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

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

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

- Environmental Feasibility Efforts or Environmental Management Efforts (UKL/UPL) and/or Requirements for Environmental Impact Analysis (AMDAL), Flood Peil Permit (permit to carry out the construction of a building in a certain area), and other permits;
- Undertaking direct field visits or observations to verify that the location of the residential land to be built is not green land or disputed land;

- Including ecolabelling regulations or the use of environmentally friendly materials that have been certified by the Indonesian Ecolabelling Institute (LEI) in middle class construction financing;
- Ensuring that the house or construction being built meets the greenish homes criteria compiled by the Green Building Council Indonesia (GBCI);
- Arranging requirements for developers to plant trees in every house or provide large allocations for social and environmental related facilities and infrastructure. This policy refers to the company's commitment to efforts to realize biodiversity; and [OJK F.9, F.10]
- Formulating an exclusion list that lists activities and practices that the bank does not want to carry out, including activities that have a negative impact on humans and the planet.

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

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

GREENHOUSE GAS EMISSIONS

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

Setting this target is the company's commitment to support the government's commitment to be carbon neutral (Net Zero Emission/NZE) by 2060 and meet the Enhanced Nationally Determined Contributions target of 43.20%. By referring to this commitment, the company views GHG emission tracking as important to calculate emissions originating from global warming potential (GWP) gas sources such as CO₂, N₂O, CH₄, CFC. This calculation will later be displayed in units of tons of CO₂ equivalent or CO₂ eq. [GRI 3-3]

The Company's emission calculations are based on an operational control approach utilizing the methodology outlined in the 2006 IPCC Guidelines, updated in 2019, and referencing the ISO 14064 Greenhouse Gases standard. The electricity emission factors rely on those published by the Directorate General of Electricity, Ministry of Energy and Mineral Resources (DJK-ESDM) in 2020. On the other hand, the emission factors for oil-based fuels (BBM) are based on those published by the Institute of Oil and Natural Gas (Lemigas), ESDM, in 2021. The calculated emissions exclusively include CO₂ gas, multiplied by a GWP factor of 1, and do not encompass biogenic CO₂ emissions. [GRI 305-1, 305-2, 305-3][F.11][TCFD Metrics.b]

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

The following represents the overall calculation of greenhouse gas emissions (GRK) generated by the Company: [GRI 305-1, 305-2] [OJK F.11] [TCFD Metrics.b]

Description	Unit	2023	2022	2021
Scope 1 (Direct)	ton CO ₂ eq	7,282	5,637	20,736
Scope 2 (Indirect)	ton CO ₂ eq	8,964	16,985	26,432

Based on the table above, emissions from Scope 1 and 2 have decreased by 6,376 tons of CO₂ eq. [GRI 3-3] [OJK F.11]

GHG Emissions from Financing Activities

In 2023, the Company embarked on its first year of calculating Scope 3 emissions in the financed emissions category. Financed emissions represent the emissions generated from financial services, investments, and loans provided by financial service institutions. The calculation and reporting of financed emissions adhere to The Partnership for Carbon Accounting Financials (PCAF) standards. The Company calculated financed emissions per sector such as construction, energy, transportation, Industrial Process and Production Use (IPPU), and others. [GRI 305-3] [TCFD Metrics.a]

Financed Emissions per Business Sector [GRI 305-3]

Business Sector	Outstanding (Rp Billion)	Financed Emissions (ton CO ₂ eq)
Construction	7,608	42,926
Energy	7,580	676,848
Transportation	5,051	39,187
IPPU	3,717	19,842
Others	718	26,811
Total	24,675	805,615

This calculation is an initial calculation of several of the company's largest financings and will be further supplemented in future periods.

Furthermore, the Company reported other Scope 3 emissions, including categories such as business travel and purchased goods such as paper. [GRI 305-3]

Description	Unit	2023	2022	2021
Scope 3: Business Travel	ton CO ₂ eq	7,282	5,637	20,736
Scope 3: Purchased Goods	ton CO ₂ eq	8,964	16,985	26,432

The Company also calculates emissions from emission reduction activities originating from tree planting, based on the average carbon absorption per tree. In 2023, the tree planting activities resulted in an emission absorption of 3,499 tons of CO₂ eq. The Company has set the baseline year of 2019 for the reduction of Scope 1 and Scope 2 GHG emissions. Regarding persistent organic pollutants (POP), volatile organic compounds (VOC), particulate matter (PM), and other significant air pollutants are not relevant to the Company's activities. Furthermore, the Company has not yet calculated ozone-depleting substances (ODS). [GRI 305-1, 305-2, 305-3, 305-5, 305-6, 305-7] [F.12] [TCFD Metrics.a, Metric.c]

GHG intensity [GRI 305-4]

GHG emissions intensity indicates the amount of GHG emissions per unit of activity, output, or other specific metrics. Energy consumption intensity is calculated using the total GHG emissions (Scope 1 and Scope 2) produced by the company, divided by the number of employees translated into tons of CO₂/number of employees. GHG intensity only includes CO₂ gas.

Denominator	2023	2022	2021
BTN Employee	1.51 ton CO ₂ eq/employee	1.91 ton CO ₂ eq/employee	5.14 ton CO ₂ eq/employee
Office Unit	4.44 ton CO ₂ eq/office unit	6.18 ton CO ₂ eq/office unit	15.27 ton CO ₂ eq/office unit

CLIMATE CHANGE RISKS AND OPPORTUNITIES

Climate change can have a significant impact on the banking sector. One of impacts is the increased risk of debt repayment failure by debtors whose business sectors are directly affected by climate change such as agriculture, forestry and tourism. To that end, the company must determine certain conditions related to the environment before distributing credit so as not to provide funds to developers who will use them for projects or activities that are detrimental to the environment. This is essential for the company to avoid risks related to financing projects or activities that hurt the environment.

The company has carried out mapping of risks and opportunities caused by climate change in accordance with the Recommendations of the Task Force on Climate-related Financial Disclosures. The company has also identified the financial impacts resulting from the risks and opportunities of climate change. [TCFD Gov.b]

The following are the risks and opportunities of climate change mapped by the company. [GRI 201-2] [FS10, FS11] [TCFD Stratg.a,b] [TCFD Risk.a, b, c]

Description	Risk 1	Risk 2	Risk 3
Type of Risk	Reputation	Technology	Market
Risk Trigger	Regulation and supervision of climate-related risks in the financial sector.	Failure in new technology investments.	Inability to attract funds and/or investors due to uncertain risks related to climate.
Risk Explanation	Reputational risk is the presence of demands from the public, media, and the government for not complying with the prevailing regulations.	Technology risk where there is the possibility of failure in high-cost digital banking technology investments.	Risks related to a drop in competitiveness, a drop in potential green bond buyers.
Major Financial Impact	Increased indirect (operating) costs.	Increased capital expenditure.	Drop in competitiveness and potential bond buyers, and the possibility of withdrawal of funds by investors.

Description	Risk 4	Risk 5	Risk 6
Type of Risk	Acute Physical	Chronic Physical	Regulations that Emerge
Risk Trigger	Worsen severity and higher frequency of extreme weather events such as hurricanes and floods.	Rising sea levels.	Regulation and supervision of climate-related risks in the financial sector.
Risk Explanation	Acute physical/systemic risks are caused by active volcanic eruptions, frequent cases of earthquakes, floods, tornadoes and landslides.	Risks related to extreme weather changes such as long dry seasons or prolonged rainy seasons.	One of the Indonesian government's efforts to achieve the emission contribution targets set nationally is through Presidential Regulation Number 98 of 2021 on the Implementation of Carbon Economic Value for Achieving Nationally Determined Contribution Targets and Controlling Greenhouse Gas Emissions in the National Development.
Major Financial Impact	Decreased income due to reduced production capacity/debtor income.	Increased lending risk.	Increased lending risk.

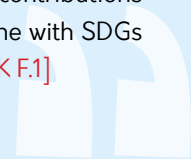
Description	Opportunity 1	Opportunity 2	Opportunity 3
Type of Opportunity	Market	Energy Source	Goods and Service
Opportunity Trigger	Improved ranking by sustainability/ESG index.	Use of energy sources with lower emissions.	Development of low-emission goods and services.
Major Financial Impact	Increased capital expenditure.	Reduction of indirect (operational) costs.	Increased revenue resulting from increased demand for products and services.
Opportunity Explanation	The company has developed a framework, a strategy and a roadmap to strengthen ESG implementation which can have a positive impact on BTN's ESG rating.	The company has implemented a green office and started using electric vehicles in operational activities.	The company continues to strive and ensure that the existing IT system is well planned and can adapt to the needs and direction of business development (IT as business enabler) in terms of product and service development as well as digitalization of business processes.

Description	Opportunity 4	Opportunity 5
Type of Opportunity	Goods and Service	Goods and Service
Opportunity Trigger	Changes in customer preferences.	Development of low-emission goods and services.
Opportunity Explanation	Issuance of financing instruments that support ESG aspects in the forms of sustainability loans and sustainability-linked loans.	Home Ownership Credit (KPR) products that care about the environment and climate change will attract debtors and improve the company's reputation.
Major Financial Impact	Increased revenue resulting from increased demand for products and services.	Increased revenue resulting from increased demand for products and services.



GOTONG ROYONG BOYONG POHON CAMPAIGN

BTN reinforces its commitment to play an active role in improving the quality of life of the community and supporting economic growth by considering aspects of education, health and environmental preservation. In line with this commitment, BTN participated in the Gotong Royong Boyong Pohon campaign, which was initiated by Ministry of State-Owned Enterprises. This commitment reflects the company's seriousness in maintaining environmental sustainability and making concrete contributions to overcoming the impacts of climate change. In addition, this commitment is also in line with SDGs Goal 13 of Addressing Climate Change, and Goal 15 of Protecting Land Ecosystems. [OJK F.1]



ENERGY USE

Energy is an essential need in carrying out the company's operational activities, especially in the form of electricity and fuel. Various operational activities rely on electricity supplies, such as lighting and powering office facilities, including elevators, air conditioning and photocopiers. The use of fuel is also inevitable in operational activities, especially for operational vehicles and generators that are used as a backup electricity source. Although the company is aware that energy use in its operations has an impact on the environment, it needs to be acknowledged that this impact is not as big as energy use in other business sectors. [GRI 3-3]

In the field of energy management, the company has various strategies and derivative programs to reduce energy use. The energy management program is focused on the BTN Tower Building by covering the efficient use of electrical equipment such as water heaters, air conditioners (chillers) and elevators. So far, the significant energy use in the BTN Tower Building is to operate the elevators and air conditioning. [GRI 3-3] [F.7]

The energy management programs carried out are as follows: [GRI 3-3]

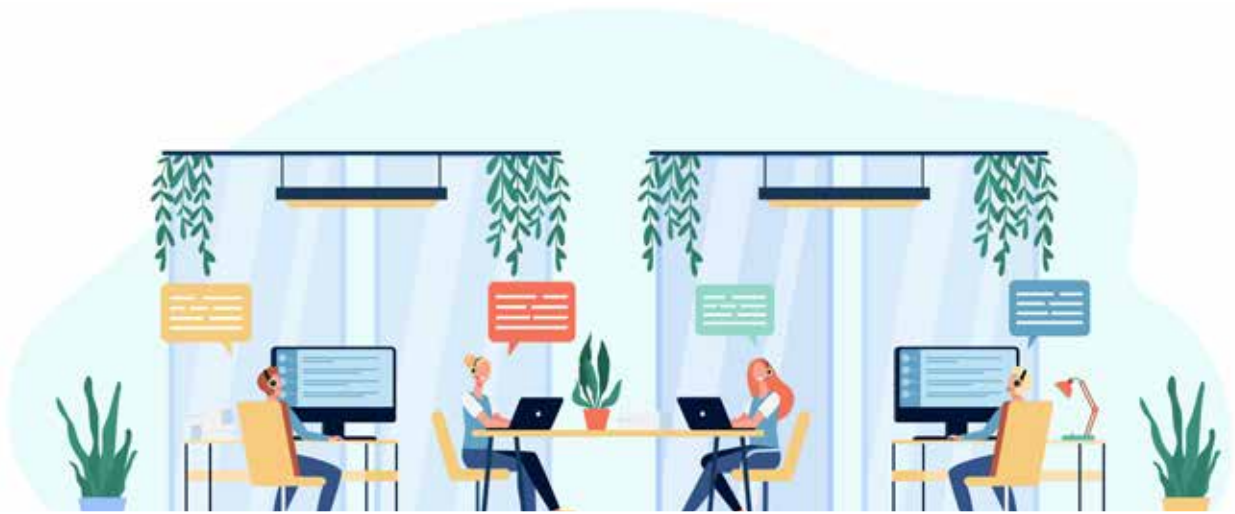
- a. Regulation of the use of electrical equipment such as turning off lights, elevators and cooling units using a Building Automation System (BAS) that makes it easier to organize operational equipment to make it more efficient;
- b. Lighting arrangement based on zones or divisions, making it easier to turn off unused spaces;
- c. Promotion of energy savings by turning off electrical equipment that is not in use (turning off lights when not in use, unplugging electrical equipment that is not in use, and placing advisory posters in toilets regarding water conservation);
- d. Use of solar water heaters to supply water in the directors' toilets; and
- e. Setting operating schedules for air conditioning units and elevators according to operational needs. The operating schedule for air conditioners and elevators is as follows:

Air Conditioning Operation Schedule	Number of Air Conditioners in Operation
At 06.00 Western Indonesian Time, the cooler operates	2 units
At 06.30 Western Indonesian Time, the cooler operates.	3 units
At 07.00 Western Indonesian Time, the cooler operates.	4 units
At 07.30 Western Indonesian Time, the cooler operates.	5 units
At 14.00 Western Indonesian Time, the cooler stops operating.	1 unit
At 16.00 Western Indonesian Time, the cooler stops operating	1 unit
At 17.00 Western Indonesian Time, the cooler stops operating	2 units
At 19.00 Western Indonesian Time, the cooler stops operating	1 unit

Elevator Operation Schedule	Number of Elevators in Operation
At 06.00 Western Indonesian Time, all elevators are operational	All elevators
At 18.00 Western Indonesian Time, elevators stop operating	2 units
At 20.00 Western Indonesian Time, elevators stop operating	2 units
At 22.00 Western Indonesian Time, elevators stop operating	2 units
On Saturdays/Sundays, only elevators in the low zone, the high zone and parking areas operate	1 unit

- f. Replacement of TL and essential type lamps with LED lamps;
- g. Modernization of 10 elevators with the latest model control and mechanical systems that are more efficient in consuming electricity as well as replacing damaged AC units or procuring new AC units with an inverter type;
- h. Advertising media uses a videotron LED system; and
- i. Using water from the Regional Drinking Water Company as the main water source in the BTN Tower Building.

Green Office at the Head Office



The company always supports and contributes to environmental preservation and social welfare. Even though it does not have a direct impact on the environment, environmental management is one of the objectives of the Company's SFAP, namely "developing sustainable banking operations through implementing green office concepts and sustainable procurement".

As a concrete action to support environmental protection, the company has implemented its commitments that apply in the head office area, including: **[OJK F.1]**

- a. Providing temporary waste storages with a capacity of 5 m³. The collected waste is transported to the final disposal site;
- b. Using four units of infiltration wells with a capacity of 48 m³ each;
- c. Making efforts to save energy, including:
 - Using a water heater using renewable energy (solar panels);
 - Limiting water use by regulating water discharge for several purposes, such as toilets, ablution areas, and others;
 - Automatic settings for electrical equipment with BAS technology used for lights and air conditioning units;
- d. Preventing environmental pollution with several efforts on a regular basis such as:
 - Choosing environmentally friendly technology for room temperature control freon (air conditioner) types R32, R134A, and R410;
 - Providing a temporary storage area for hazardous and toxic waste (TPS LB3) with a capacity of 104.5 kg;
 - Providing a building wastewater treatment plant

(IPAL) with an input of 260 m³/day. The IPAL produces a water discharge of 220 m³/day as regulated in the Waste Water Disposal Permit on July 19, 2018;

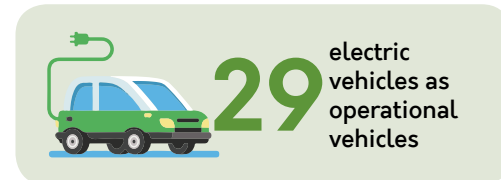
- e. Carrying out a plastic waste free campaign in the office by reducing the use of plastic bottled mineral water and disposable cutlery in activities and meetings—both internal and external meetings—and encouraging awareness of bringing personal drinking bottles;
- f. Encouraging employees to use public transportation to get to the office Based on the government's policy, all state-owned operational vehicles must use non-subsidized fuel with high octane value so that it is more environmentally friendly. Based on Memo No. 1836/M/PGSD/GS/XI/2013 on November 6, 2013, the Procurement and General Services Division issued an appeal to all regional offices, branch offices, and sharia branch offices regarding the prohibition on the use of RON 88 (premium) gasoline for operational vehicles; and
- g. Supporting and participating in celebrating Earth Hour since 2020.

In implementing the green office concept, the company has a basis in the form of the prevailing rules and regulations, including: **[GRI 3-3]**

- Law Number 32 of 2009 on Environmental Protection and Management (Law No. 32 of 2009);
- Law No. 17 of 2019 concerning Water Resources;
- Law No. 18 of 2008 on Waste Management;
- Government Regulation No. 101 of 2014 on Management of Hazardous and Toxic Waste; and
- Government Regulation No. 74 on Management of Hazardous and Toxic Materials.

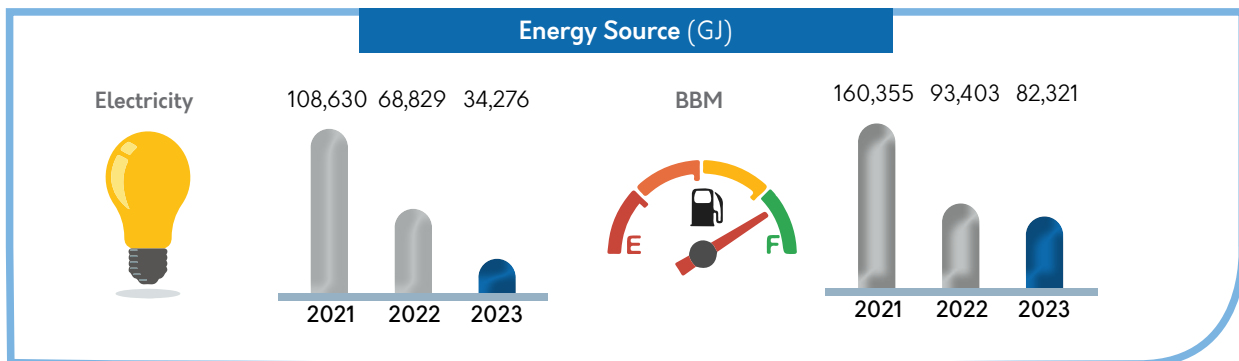
The company also provides support and contributions to the Indonesian government that has agreed on a global action plan in the form of Sustainable Development Goals (SDGs) together with leaders of other countries. The company makes the SDGs goals in the environmental aspect the basis for preserving the environment, including the 6th goal (clean water and decent sanitation), the 7th goal (clean and affordable Energy), the 13th goal (climate management and change), and goal 15 (terrestrial ecosystem).

The company also records comprehensive electrical energy usage and fuel consumption for all of the company's operational vehicles. This recording is carried out to measure the efficiency and effectiveness of saving energy use. To date, the company is still completely dependent on electricity supply from state-owned electricity company PT PLN (Persero). However, the company has operated solar panels at the BTN offices and operates electric vehicles in operations. [GRI 302-1, 302-2]



Based on the table below, electrical energy use in 2023 decreased by 50% and fuel use also decreased by 12% compared to that in 2022. The Company has not yet conducted calculations regarding the reduction in energy required for the sold products and services. [GRI 302-4, 302-5]

Energy usage during the reporting year is as follows: [GRI 3-3, 302-1, 302-2][F.6]



The intensity of energy use is expressed in units per employee and per branch office as follows: [GRI 302-3]

Denominator	2023	2022	2021
BTN Employee	9.68 GJ/employee	13.68 GJ/employee	24.03 GJ/employee
Offices	31.84 GJ/office unit	44.33 GJ/office unit	71.41 GJ/office unit

PAPER USE

Paper is the material most frequently used in the company's operational activities. Several examples of main activities that use paper are correspondence, making memos, printing company reports, registration, printing customer books, and recording transactions. Paper is also used as proof of transactions via ATM machines. The company is aware that high use of paper can have a negative impact on the environment, such as cutting down trees and increasing waste, especially if used paper waste management is not carried out properly. [GRI 3-3, 306-1]

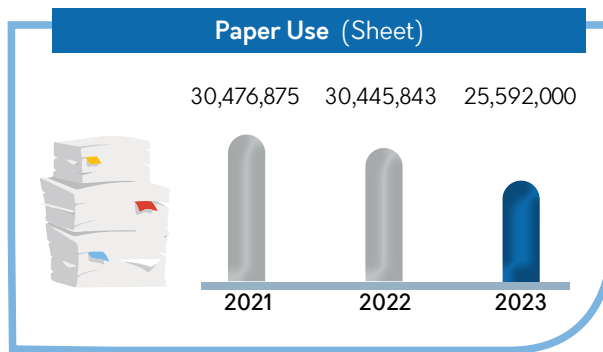
Digital banking is the answer and opportunity for the company to face the challenge of reducing paper use to preserve the environment. One of the realizations of digital banking is by implementing document digitization initiatives that can reduce paper use, as follows: [GRI 3-3, 306-2][OJK F.1]

- a. No longer using facsimile; correspondence carried out through electronic mail (email);
- b. Paperless: disposition and distribution of mail using the iFlow app;
- c. Smart Branch: not using deposit slips and maximizing digitalization;
- d. BTN Properti.co.id: making it easy for people to buy a house, find a house, and enjoy three-dimensional (3D) features through the support of the latest digital technology, which in its implementation, the company does not need a lot of paper; and
- e. Rumah Murah BTN: giving 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 need a lot of paper.

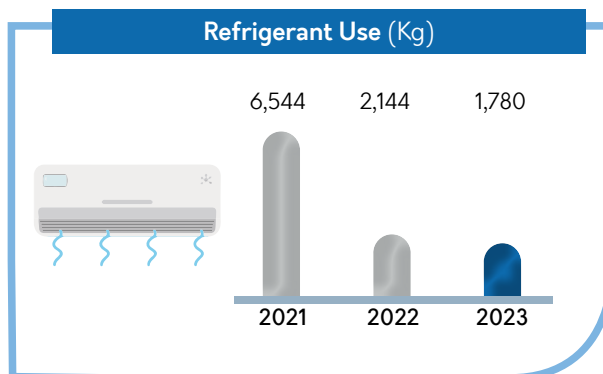
For the sake of efficient use of paper in operational activities, the company utilizes the IFlow application to carry out cross-division and/or cross-branch correspondence with structured implementation. On top of that, the use of this app can increase efficiency in the flow of mail distribution, provide convenience in monitoring and verifying documents or letters that have been sent, and reduce the use of paper for printing for operational purposes.

The company also provides support in increasing the efficiency of paper use by using wastepaper for internal memos and destroying important documents that are no longer used with a paper shredder. Paper that is not included in the category of important documents will be handed over to third parties for reuse, including recycling. The company has not yet adopted environmentally friendly materials. The company does not use recycled paper, does not accept recycled material inputs, and does not utilize products derived from reclamation. [\[GRI 3-3, 301-1, 301-2, 301-3, 306-2\]](#)[\[F.5\]](#)

The Company's paper usage is shown in the following table: [\[GRI 301-1\]](#)



Apart from calculating paper usage, the company also calculates the usage of other non-energy consumables, including the usage of refrigerants used in adding AC freon. [\[GRI 305-6\]](#)



WATER MANAGEMENT

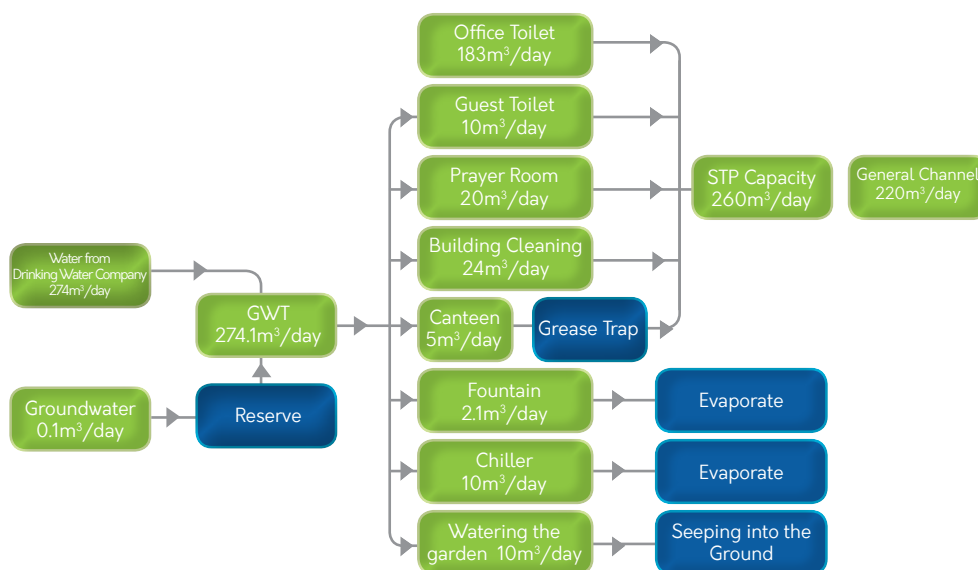
Water is one of the important needs for the company. Water is used for domestic office purposes such as ablutions, cleaning toilets, watering plants, filling fountains, and others. Most of the water needs are met by the Regional Drinking Water Company, while the other part is taken from deep water wells.

The company is aware of the environmental risks associated with water, including pollution, scarcity, and risk of flooding. Floods can affect the bank's operations and customers, so the company also pays special attention and carries out initiative efforts in water management. The company's waste management refers to Law No. 17 of 2019 on Water Resources. [GRI 3-3]

The company's commitment to saving water use is carried out with the following water management steps: [GRI 3-3]

- Using Regional Drinking Water Company water as the main source in accordance with regional regulations regarding groundwater use;
- Building two absorption wells with a capacity of 48 m³ each, so that the total rainwater absorption capacity reaches 96 m³;
- Regulation of water discharge for water use (toilets, ablution places, etc.);
- Wastewater has been processed through a sewage treatment plan so that it is not harmful to the environment and has received a Waste Water Disposal Permit from the relevant agency. The wastewater treatment plant in the BTN Tower building has a capacity of 260m³/day. The installation output is 220m³/day, in accordance with the Waste Water Disposal Permit issued on July 19, 2018;
- Utilization of STP processed water to collect rainwater for watering plants, filling fountain pools, and washing cars.

In addition to the various efforts above, the company also makes efforts to save water by regulating water discharge in the BTN Tower Building with a clean water usage balance as follows:



The Company implements efficiency measures by referring to the value of water usage payments to the Regional Drinking Water Company and carrying out the monitoring via flow meters. With this water management, the company's water usage in the reporting year is as follows: [GRI 3-3, 303-1, 303-3][F.8]

Water Use [GRI 303-1, 303-5][F.8]

Water Source	Unit	2023	2022	2021
Water from Third Parties				
PDAM	m ³	284,419	606,967	1,401,731
Ground Water				
Deep Well	m ³	7,095	63,662	138,114
Total	m³	291,514	670,629	1,539,845

Through various savings efforts, the company's water usage has shown a decline. Based on the table above, the volume of water use in 2023 dropped by 379,115 m³ compared to 2022 with water use of 670,629 m³. [GRI 3-3]

WASTE MANAGEMENT

Waste is leftover material from the production process carried out by humans. Waste is divided into two forms, namely solid and liquid waste which can be classified into Hazardous and Toxic Waste (B3) and non-Hazardous and Toxic Waste (non-B3). Several types of solid waste produced from the company's operations include office waste, unused electronic equipment, used lamps, used batteries, and used furniture. Meanwhile, liquid waste comes from used oil from operational vehicles and generators, as well as domestic wastewater from toilets and cafes. The company understands that improper waste management can have a polluting impact on the environment. Therefore, good waste management efforts are a priority to minimize negative impacts on the surrounding ecosystem. [GRI 3-3, 306-1]

The company's waste management refers to Law No. 18 of 2008 on Waste Management, Government Regulation No. 101 of 2014 on Management of Hazardous and Toxic Waste, and Government Regulation No. 74 on Management of Hazardous and Toxic Materials. Reducing waste production is one of the company's concrete steps in waste management. To realize this step, the company issued an appeal to avoid the use of disposable eating and drinking utensils. The company also provides adequate trash cans on each office floor to simplify the waste management process. For hazardous and toxic waste, the company provides a temporary storage area for hazardous and toxic waste (TPS LB3) with a capacity of 104.5 kg. [GRI 3-3, 306-2]

SAs as a form of compliance with environmental laws and regulations, the company ensures that the management of waste produced is in accordance with the provisions of the prevailing laws and regulations. Based on Government Regulation Number 101 of 2014 on Management of Hazardous and Toxic Waste, the company hands over the management of Hazardous and Toxic Waste to third parties who have permits from Ministry of the Environment and the Ministry of Transportation. The company also recycles organic waste such as leaves into compost. [GRI 3-3, 306-2, 306-4]

The following is a recapitulation table of the volume of waste produced according to its type: [GRI 3-3, 306-3, 306-4, 306-5][F.13][F.14]

No	Type of Waste	Treatment	2023	2022	2021
1	Building Waste	Produced	130,529 Kg	119,009 Kg	90,170 Kg
	Food waste, drinks, paper and cardboard	moved to a temporary waste storage area	0	0	0
		disposed to licensed third parties	Yes	Yes	Yes
2	Used oil	Produced	0	10.19 Kg	0
		moved to a temporary waste storage area	0	10.19 Kg	0
		disposed to licensed third parties	Yes	Yes	Yes
3	Used Accu/Battery	Produced	0	8 units	8 units
		moved to a temporary waste storage area	0	0	0
		disposed to licensed third parties	Yes	Yes	Yes

No	Type of Waste	Treatment	2023	2022	2021
4	Lamps	Produced	287 units	732 units	729 units
		moved to a temporary waste storage area	287 units	732 units	729 units
	IT lights, PLCs, ballasts and cables	disposed to licensed third parties	yes	Yes	Yes
5	IT lights, PLCs, ballasts and cables	Produced	0	2.52 kg	20 kg
		moved to a temporary waste storage area	0	2.52 kg	0 kg
		disposed to licensed third parties	Yes	Yes	Yes

In managing wastewater at the head office, the company refers to Regulation of the Governor of the Special Capital Region of Jakarta Province No. 122 of 2005 on Domestic Wastewater Management in the Special Capital Region of Jakarta Province. For this reason, the company ensures that the quality standards for wastewater discharged into water bodies are safe for the local water body ecosystem by routinely measuring waste water quality at the head office every three months. The following is a recapitulation table of the volume of water discharge produced by the company during the reporting period. [GRI 303-2, 303-4, 306-2]

Tujuan Pembuangan Air	Satuan	2023	2022
Surface Water	m ³	826.77	651.84
Ground Water	m ³	275.00	357.00
Third-party Water	m ³	48,585.00	44,100.00
Total	m³	49,686.77	45,108.84

Description		2023	2022
Water disposal based on effluent classification	Fresh water ($\leq 1,000$ mg/L Total Dissolved Solids)	48,860.00	44,457.00
	Other water ($> 1,000$ mg/L Total Dissolved Solids)	826.77	651.84
Total water discharge (m³)		49,686.77	45,108.84

To ensure that environmental management can be carried out optimally, the company incurs costs which include the costs of environmental conservation, STP management, waste management and tree planting. In 2023, the costs incurred for environmental preservation was Rp154,100,000, the costs for STP management was Rp90,000,000, the costs for waste management was Rp64,100,000, and the costs for planting trees was Rp968,059,000. [F.4]

With waste management that has been established during the operational process in 2023, there will be no spills, whether from chemicals, oil, fuel or other chemical substances that affect the quality of the surrounding environment and public health. The company also does not receive complaints or reports regarding incidents of non-compliance with rules and regulations regarding the disposal of wastewater or effluent. [GRI 303-4][F.15]

Furthermore, to ensure the company's compliance with efforts to maintain social and environmental issues, Bank BTN routinely submits separate reports twice a year on the company's plans and initiatives. These reports are the Implementation Report of Environmental Management Plan (RKL) and Environmental Monitoring Plan (RPL), which are prepared in accordance with Minister of State for the Environment Decision No. 45 of 2005 concerning Guidelines for the Preparation of Environmental Management Plan (RKL) and Environmental Monitoring Plan (RPL) Implementation Reports, as well as applicable regulations.





05

Employee Development

HUMAN RESOURCE MANAGEMENT



The company has a strategy to realize one of its visions to become the home of Indonesia's best talent by implementing short and medium term human resource (HR) development work programs that are aligned with the company's corporate plan for 2021 - 2025, including:

1. Ability To Attract Top Talent
To become one of the top-of-mind of employers for external candidates from leading companies and universities in Indonesia.
2. Ability To Retain Top Talents
To be able to retain top talents to work and develop with BTN.
3. Talents' Capability Readiness
To have the capability to achieve the bank's current and future strategic goals.
4. Employee Productivity
To have employee productivity that is above the average of well-known organizations.

To achieve these aspirations, strategic initiatives have been prepared as follows:

1. Becoming the first choice for the best talent to work;
2. Strengthening HR capabilities, productivity and competitiveness by committing to employee development programs that are integrated and aligned with current and future business needs; and
3. Focus on creating value and being a business partner.

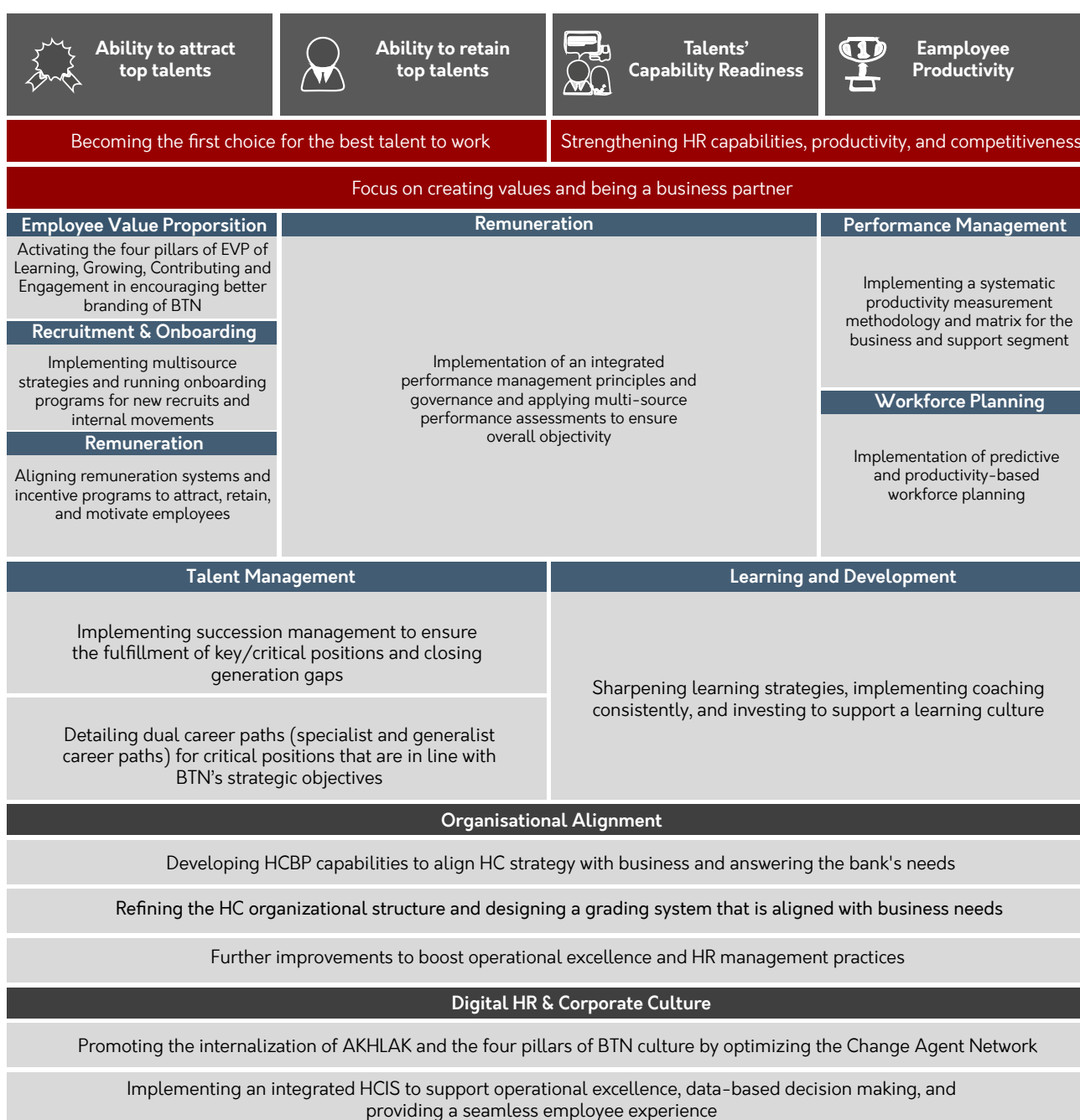
These strategies are implemented by the company through the implementation of a number of strategic human capital initiatives, including:

1. Aligning remuneration systems and incentive programs to attract, retain, and motivate employees;
2. Implementing a multi-power strategy and running an orientation program for new employees for internal transfers;
3. Activating the four pillars of EVP of Learning, Growing, Contributing and Engagement in encouraging better branding of BTN;

4. Implementing succession management to ensure the fulfillment of key/critical positions and closing generation gaps;
5. Detailing dual career paths (specialist and generalist career paths) for critical positions that are in line with BTN's strategic objectives;
6. Implementation of predictive and productivity-based workforce planning;
7. Implementation a systematic productivity measurement methodology and matrix for business and support segments;
8. Implementation of an integrated performance management principles and governance and applying multi-source performance assessments to ensure overall objectivity; and
9. Sharpening learning strategies, applying guidance consistently, and carrying out interventions to support a learning culture.

"One of Home of Indonesia's best Talent"

BTN can **attract** and retain **the best Indonesian talent** who have **superior capabilities** with a **high level of productivity** to achieve the bank's strategic goals and business targets.



EMPLOYEE DIVERSITY [GRI 2-7, 2-8] [GRI 405-1] [OJK F.18]

Diversity and equality for every employee is one of the basic principles of employment which is upheld by the company in accordance with the implementation of Law No. 13 of 2003 on Employment. This principle is implemented in regulations related to human rights that are stated in General Policy No. KU.3 dated 30 December 2022 on Human Resources (Human Capital) and Collective Work Agreements. Based on these regulations, the application of the principle of equality by the company starts from the employee recruitment process, training and competency development programs, career development, and providing remuneration and employee welfare. The company ensures that all stages are carried out without any differences in treatment based on gender, religion, ethnicity, and race. [GRI 3-3, 2-23] [OJK F.18]

Employee data presented in this report comes from the Human Capital Management Division Work Unit database, the accuracy of which can be accounted for. Complete information on employees is presented in the following tables: [GRI 2-7, 2-8]

Employee Demographics by Gender [GRI 2-7]

Gender	2023		2022		2021	
	Total	(%)	Total	(%)	Total	(%)
Male	6,288	52.20	6,261	52.80	6,049	54.05
Female	5,757	47.80	5,598	47.20	5,143	45.95
Total	12,045	100.00	11,859	100.00	11,192	100.00

Employee Demographics by Age Group and Gender [GRI 2-7]

Age Range	2023				2022				2021			
	M	F	Total	(%)	L	F	Total	(%)	L	F	Total	(%)
≥51	720	231	951	7.90	682	254	936	7.89	561	248	809	7.23
31-50	3,284	2,536	5,820	48.32	3,088	2,429	5,517	46.52	2,858	2,271	5,129	45.83
≤30	2,284	2,990	5,274	43.79	2,491	2,915	5,406	45.59	2,630	2,624	5,254	46.94
Total	6,288	5,757	12,045	100.00	6,261	5,598	11,859	100.00	6,049	5,143	11,192	100.00

* M= Male/F = Female

Employee Demographics by Position Level and Gender

Position Level	2023				2022				2021			
	M	F	Total	(%)	M	F	Total	(%)	M	F	Total	(%)
Level 22	2	-	2	0.02	-	1	1	0.01	2	2	4	0.04
Level 19 till 21	134	24	158	1.31	116	19	135	1.14	108	21	129	1.15
Level 15 till 18	1,061	376	1,437	11.93	921	349	1,270	10.71	923	346	1,269	11.34
Level 13 till 14	1,762	1,149	2,911	24.17	1,724	1,080	2,804	23.64	1,507	812	2,319	20.72
Level 11 till 12	2,574	3,129	5,703	47.35	2,565	2,945	5,510	46.46	2,719	2,760	5,479	48.95
Level 8 till 10	755	1,079	1,834	15.23	935	1,204	2,139	18.04	790	1,202	1,992	17.80
Total	6,288	5,757	12,045	100.00	6,261	5,598	11,859	100.00	6,049	5,143	11,192	100.00

* M= Male/F = Female

Employee Demographics by Education Level and Gender

Education Level	2023				2022				2021			
	M	F	Total	(%)	M	F	Total	(%)	M	F	Total	(%)
Postgraduate	367	168	535	4.44	348	159	507	4.28	313	130	443	3.96
Bachelor	5,254	4,627	9,881	82.03	5,154	4,353	9,507	80.17	4,848	3,768	8,616	76.98
Baccalaureate	539	734	1,273	10.57	604	796	1,399	11.80	679	882	1,561	13.95
SLTA	128	228	356	2.96	156	290	446	3.76	209	363	572	5.11
Total	6,288	5,757	12,045	100.00	6,261	5,598	11,859	100.00	6,049	5,143	11,192	100.00

* M= Male/F = Female

Employee Demographics by Employment Status and Working Area

Employment Status	2023															
	Head Office				Regional Office				Branch Office				Total			
	M	F	Total	%	M	F	Total	%	M	F	Total	%	M	F	Total	%
Permanent	2,051	1,045	3,096	93.19	383	163	546	98.56	3,550	4,078	7,628	92.95	5,984	5,286	11,270	93.56
Contract	114	112	226	6.80	8	-	8	1.44	182	359	471	7.05	304	471	775	6.43
Total	2,165	1,157	3,322	100.00	391	163	554	100.00	3,732	4,437	8,169	100.00	6,288	5,757	12,045	100.00

* M= Male/F = Female

Employment Status	2022															
	Head Office				Regional Office				Branch Office				Total			
	M	F	Total	%	M	F	Total	%	M	F	Total	%	M	F	Total	%
Permanent	1,944	865	2,814	89.28	386	169	555	97.03	3,484	3,858	7,342	90.25	5,819	4,892	10,711	90.32
Contract	141	197	338	10.72	5	12	17	2.97	296	497	793	9.75	442	706	1,148	9.68
Total	2,090	1,062	3,152	100.00	391	181	572	100.00	3,780	4,355	8,135	100.00	6,261	5,598	11,859	100.00

* M= Male/F = Female

Employment Status	2021															
	Head Office				Regional Office				Branch Office				Total			
	M	F	Total	%	M	F	Total	%	M	F	Total	%	M	F	Total	%
Permanent	1,945	820	2,765	96.11	223	73	296	97.05	3,734	4,016	7,750	96.75	5,902	4,909	10,811	96.60
Contract	68	44	112	3.89	7	2	9	2.95	72	188	260	3.25	147	234	381	3.40
Total	2,013	864	2,877	100.00	230	75	305	100.00	3,806	4,204	8,010	100.00	6,049	5,143	11,192	100.00

* M= Male/F = Female

Employee Demographics by Employment Status and Gender, including Outsourced Employees

Employment Status	2023				2022				2021			
	M	F	Total	%	M	F	Total	%	M	F	Total	%
Permanent	5,984	5,286	11,270	55.98	5,819	4,892	10,711	53.43	5,902	4,909	10,811	54.76
Contract	304	471	775	3.85	442	706	1,148	5.73	147	234	381	1.93
Number Without Outsourced Employees	6,288	5,757	12,045	59.83	6,261	5,598	11,859	59.16	6,049	5,143	11,192	-
Outsourced Employees	6,930	1,157	8,087	40.17	7,093	1,094	8,187	40.84	7,479	1,071	8,550	43.31
Number With Outsourced Employees	13,218	6,914	20,132	100.00	13,354	6,692	20,046	100.00	13,528	6,214	19,742	100.00

* M= Male/F = Female

Employee Demographics by Years of Service and Gender

Range Years of Service	2023				2022				2021			
	M	F	Total	(%)	M	F	Total	(%)	M	F	Total	(%)
>30	50	58	108	0.90	63	63	127	1.07	90	69	159	1.42
25-30	642	179	821	6.82	533	218	751	6.33	350	225	575	5.14
20-25	129	21	150	1.25	332	43	375	3.16	561	78	639	5.71
15-20	112	231	343	2.85	109	232	341	2.88	9	166	175	1.56
10-15	1,046	1,345	2,391	19.85	749	1,008	1,757	14.82	578	644	1,222	10.92
5-10	2,672	1,758	4,430	36.78	2,377	1,653	4,030	33.98	2,181	1,773	3,954	35.33
0-5	1,637	2,165	3,802	31.56	2,097	2,381	4,478	37.76	2,280	2,188	4,468	39.92
Jumlah	6,288	5,757	12,045	100.00	6,261	5,598	11,859	100.00	6,049	5,143	11,192	100.00

* M= Male/F = Female

There are several points of note from the data presented above. First, the ratio of the number of male and female employees is quite balanced, reflecting zero sex discrimination in the employee recruitment process. Second, there are no employees under the specified age limit. Meaning that there are no cases of child labor in the company's operational activities. Third, the company determines that there is no difference in the ratio of basic salary and remuneration for male and female employees, which is a form of application of the principles of equality and anti-discrimination. The company ensures that all employees work according to the set time and provides overtime compensation according to position level to employees who work beyond working hours. [GRI 3-3, 405-1, 406-1, 408-1, 409-1] [OJK F.19]

Respectful Workplace Policy

In Special Policy No. KK.3-C dated 31 October 2023 on Personnel Regulations and Administration, the company regulates a safe work environment, respects and protects human dignity, prioritizes mutual respect, is free from discrimination, exclusion or restrictions, bullying and harassment, as well as various other forms of violence, both mental and physical for all employees and related parties to create an inclusive, conducive and productive work environment to encourage company sustainability and uphold human rights. These arrangements at least include preventing:

1. Discrimination

The company adopts the principles of diversity and gender inclusion. Every discrimination, marginalization, restriction and/or exclusion that is directly or indirectly made on the basis of religion, ethnicity, race, ethnicity, group, class, social status, including marital status, economic status, gender, language, political choice, and disabilities, which have the impact or aim of reducing or eliminating the recognition, implementation or use of human rights and basic freedoms, resulting in inequality of opportunity or differential treatment of a person or group of people in banking activities and in social interactions in the work environment.

2. Violence

It is every action/deed and behavior that includes threats or intimations to take action, carry out coercion, or carry out arbitrary confiscation of other people in the workplace that appears either publicly or privately which can cause loss/damage or physical suffering, psychological, sexual and economic.

3. Abuse

It is any attitude, words, actions/deeds/behavior, or gestures both in the workplace and various communication media that are not in accordance with the provisions of laws and regulations regarding human rights that aim to intimidate and have a negative impact on physical, psychological/mental aspects or sexual or economic aspects that makes a person feel intimidated, humiliated, offended, humiliated or humiliated and results in difficulties in carrying out their duties or causes employees to feel that they are working in an unfavorable climate that can also cause risks to security, health and safety.

Mutual respect in the workplace (Respectful Workplace Policy) that aims to ensure that all personnel (the Board of Commissioners, Board of Directors and employees) create a work environment that is free from discrimination, violence and harassment in order to create an environment that is inclusive, respects differences and equality, and upholds human rights to promote the performance, growth and sustainability of the bank, by:

1. Recognizing and respecting differences in a diverse work environment with various ethnic backgrounds, races, nationalities, skin colors, ages, religions, genders, disabilities, viewpoints or other individual characteristics and points of view to boost a productive work environment.
2. Ensure that every employee is not treated differently because of their characteristics and has equal and fair access to facilities and infrastructure; and
3. Creating and building a work environment that respects each other and does not involve discrimination, violence, and harassment in any form.

All of these policies have had a positive impact with no incidents or reports related to discrimination and forced labor. [GRI 3-3, 405-1, 406-1, 408-1, 409-1][OJK F.19]

GENERAL BANKING STAFF TRAINING BY APPLYING THE PRINCIPLES OF DIVERSITY, EQUITY, AND INCLUSION



In 2023, the Company organized General Banking Staff Trainings for 242 participants divided into three batches. These training programs were attended by participants from various backgrounds, including new graduates and/or individuals who already have work experience. The Company also provides equal opportunities for individuals with disabilities to

participate in the General Banking Staff training program. This endeavor is in line with the principles of diversity, equity, and inclusion that state that every individual has the same right to contribute to the sustainability and progress of the Company.

Diversity in the Composition of the Board of Commissioners and the Board of Directors [GRI 2-9]

Diversity in the composition of the Board of Commissioners and the Board of Directors is a crucial aspect in building the company's management that is inclusive and oriented towards sustainable results. Selection of top governance members based on criteria such as age, gender, education, work experience and expertise not only create broader representation, but also enriches diverse perspectives in strategic decision making.

Even though the background of members of the Board of Commissioners and the Board of Directors do not come from underrepresented social groups, they always listen to the aspirations and strive to be an extension of underrepresented

groups. Based on diversity, the composition of the Company's Board of Commissioners and the Board of Directors is reflected in the table below:

Composition of Diversity of the Board of Commissioners [GRI 405-1]

Name	Position	Age	Gender	Education	Work Experience	Expertise
Chandra M. Hamzah	President/ Independent Commissioner	56 Years Old	Male	Bachelor of Law	Having work experience in the legal field	Legal Affairs
Iqbal Latanro	Vice President Commissioner/ Independent Commissioner	65 Years Old	Male	<ul style="list-style-type: none"> Master of Science (MSi.) in Business Management Bachelor of Economics 	Having experience in banking	Economy
Andin Hadiyanto	Commissioner	58 Years Old	Male	<ul style="list-style-type: none"> Doctor of Philosophy (Ph.D.) Bachelor of Economics Majoring in Development 	Having experience in government	Economy
Ahdi Jumhari Luddin *	Independent Commissioner	69 Years Old	Male	<ul style="list-style-type: none"> Master of Science in Policy Economics Bachelor of Economics Majoring in Accounting 	Having experience in banking	Accounting, Economics
Sentot A. Sentausa	Independent Commissioner	66 Years Old	Male	<ul style="list-style-type: none"> Master in Business Administration Bachelor of Statistics from Padjadjaran University 	Having experience in banking	Economy
Armand B. Arief	Independent Commissioner	71 Years Old	Male	<ul style="list-style-type: none"> Master in Business Administration Master in Business Administration 	Having experience in banking	Business Administration
Herry Trisaputra Zuna	Commissioner	56 Years Old	Male	<ul style="list-style-type: none"> Doctor of Civil Engineering Bachelor of Management 	Having experience in civil engineering	Civil Engineering
Himawan Arief Sugoto	Commissioner	60 Years Old	Male	<ul style="list-style-type: none"> Bachelor of Civil Engineering Master of Civil Engineering Doctor of Management and Business 	Having experience in property sector	Civil Engineering
M. Yusuf Permana	Commissioner	48 Years Old	Male	<ul style="list-style-type: none"> Bachelor of Economics 	Having experience in trade	Economy

*) Term of office ends on August 12, 2023 due to death.

Diversity of the Composition of the Board of Directors [GRI 405-1]

Name	Position	Age	Gender	Education	Work Experience	Expertise
Nixon L.P. Napitupulu	President Director	54 Years Old	Male	Bachelor of Economics	Having experience in banking	Economy
Oni Febriarto Rahardjo	Deputy President Director	52 Years Old	Male	<ul style="list-style-type: none"> Master of Management Bachelor of Engineering 	Having experience in banking	Engineering, Management
Hirwandi Gafar	Director of Consumer and Commercial Lending	55 Years Old	Male	Bachelor of Civil Engineering	Having experience in banking	Civil Engineering
Nofry Rony Poetra	Director of Finance, Planning and Treasury	55 Years Old	Male	<ul style="list-style-type: none"> MBA in Business Bachelor of Economics 	Having experience in banking	Economy

Name	Position	Age	Gender	Education	Work Experience	Expertise
Eko Waluyo	Director of Human Capital, Compliance and Legal	52 Years Old	Male	<ul style="list-style-type: none"> Master of Economics Bachelor of Economics 	Having experience in banking	Economy
Elisabeth Novie Riswanti	Director of Wholesale Risk and Asset Management	56 Years Old	Female	Bachelor of Civil Law	Having experience in banking	Legal Affairs
Andi Nirwoto	Director of Operation, IT, and Digital Banking	53 Years Old	Male	<ul style="list-style-type: none"> Master of Finance Bachelor of Engineering 	Having experience in banking	Engineering, Finance
Jasmin	Director of Distribution and Retail Funding	59 Years Old	Male	<ul style="list-style-type: none"> Master of International Business Bachelor of Economics 	Having experience in banking	Accounting, Business
Setiyo Wibowo	Director of Risk Management and Transformation	46 Years Old	Male	<ul style="list-style-type: none"> MBA in Finance & Banking Bachelor of Engineering 	Bachelor of Electrical Engineering	Engineering, Finance
Hakim Putratama	Director of Institutional Banking	47 Years Old	Male	<ul style="list-style-type: none"> Bachelor of International Relations Masters International Business 	Bachelor of Electrical Engineering	International Business

SRIKANDI BUMN GOES TO CAMPUS PROGRAM



The company has demonstrated its commitment to supporting women's empowerment and leadership by implementing the SRIKANDI BUMN Goes to Campus program at Trisakti University, Jakarta on August 14, 2023. This program, which was attended by 327 participants, not only included a guidance session with the Board of Directors, but was also enlivened by a talk show session and a leadership sharing session. This initiative reflects the company's efforts to encourage sustainable development regardless of gender or background, as well as disseminating the principles of sustainability. In particular, this activity is also an opportunity to share experiences in encouraging equal opportunities for development. Through this program, the company seeks to create synergy in optimizing the potentials and abilities of women, giving them a significant role in facing daily work challenges, and strengthening the positive impact of diversity within the company.

Recruitment of New Employees and Employee Turnover [GRI 401-1]

The employee recruitment process carried out by the company is done through both internal and external channels of the company. Internal channels refer to the recruitment and selection of employees who meet the criteria and are willing to occupy certain positions. Meanwhile, external recruitment can involve prospective employees with pre-graduate, fresh graduate, and experienced & professional hire status. The company gives priority to local employees in the recruitment process, namely employees who are Indonesian citizens, meaning that all employees (100%), including senior management or upper management of the company, are local residents. The company has recruitment initiatives targeted at vulnerable groups such as women, minority groups, indigenous communities, and people with disabilities. In Special Policy No. KK.3-A dated October 31, 2023 on the Human Capital Cycle, the selection process carried out by the company at least includes the following stages: [GRI 3-3, 202-2]



1. Application Screening

The registration/application process is carried out using a clear method easy for candidates to understand and follow, thereby speeding up the recruitment process. Matters that must be fulfilled in the registration/application process are:

1. Fulfillment of requirements

2. Completeness of documents

3. Verification of the authenticity of application data

2. Candidate Assessment

It consists of several types that can be used but are not limited to:

- Speed dating interview, conducting interviews in a short time;
- Paper Based Test, asking a number of written questions to candidates in the form of psychometric, scholastic questions, certain knowledge and ability tests;
- Skills-based approach, candidates are asked to show/demonstrate certain abilities/knowledge/skills to validate the candidate's abilities/knowledge/skills;
- Gamification, selection in the form of a game simulation to increase candidate engagement towards certain values required by the Bank;
- Competency/Hackathon, competition related to expertise in certain fields required by the bank;
- Job Audition, candidate working on a project determined by the bank;
- Case Study, candidate complete case studies based on the candidate's abilities; and
- Pre-Employee Screening, profile screening based on Know Your Employee principles to mitigate operational risks.



The company has a special mechanism for new employees to be appointed as permanent employees. For those who qualify and are appointed as permanent employees, these employees will receive remuneration in accordance with the prevailing employment regulations. The company also gives opportunities for people with disabilities to participate in the new employee recruitment program. This program is a program from Ministry of SOE through the Indonesian Human Capital Forum (FHCI). In 2023, there were 4 (four) employees with disabilities who successfully passed the recruitment program. The following is data regarding new employees obtained through the Human Capital Management Work Unit.

New Employee Composition by Age Group and Gender [GRI 401-1]

Age Range	2023			2022			2021		
	M	F	Total	M	F	Total	M	F	Total
≥51	1	2	3	2	1	3	2	3	5
31-50	22	8	30	44	10	54	23	11	34
≤30	237	425	662	368	649	1,017	121	217	338
Jumlah	260	435	695	414	660	1,074	146	231	377

* M= Male/F = Female

Employee Composition by Working Area and Gender [GRI 401-1]

Working Area	2023			2022			2021		
	M	F	Total	M	F	Total	M	F	Total
Head Office	70	75	145	135	194	329	67	42	109
Regional Office	8	1	9	3	10	13	7	2	9
Branch Office	182	359	541	276	456	732	72	187	259
Total	260	435	695	414	660	1,074	146	231	377

* M= Male/F = Female

Apart from increasing due to the recruitment program, the number of company employees decreased due to employees who no longer work for various reasons, such as retirement, resignation, contract expiry, death, and so on. The company manages the end of employment relationships based Special Policy No. KK.3-A dated 31 October 2023 on the Human Capital Cycle.

Employee Turnover Rate [GRI 401-1]

Note	2023	2022	2021
Number of New Employees	695	1,074	377
Number of Employee Turnover	187	246	206
Number of Employees at the Beginning of the Year	11,745	11,192	11,224
Number of Employees at the End of the Year	12,045	11,859	11,192
Turnover Rate	1.55%	2.07%	1.53%

Employee Composition by Age Group and Gender [GRI 401-1]

Age Range	2023			2022			2021		
	M	F	Total	M	F	Total	M	F	Total
≥51	5	2	7	4	2	6	2	3	5
31—50	43	55	98	27	52	79	40	54	94
≤30	25	57	82	75	86	161	45	62	107
Jumlah	73	114	187	106	140	246	87	119	206

* M= Male/F = Female

Employee Turnover by Working Area and Gender [GRI 401-1]

Working Area	2023			2022			2021		
	M	F	Total	M	F	Total	M	F	Total
Head Office	21	21	42	34	22	56	26	10	36
Regional Office	3	2	5	4	-	4	-	1	1
Branch Office	49	91	140	68	118	186	61	108	169
Total	73	114	187	106	140	246	87	119	206

* M= Male/F = Female

EMPLOYEE LEARNING AND COMPETENCY DEVELOPMENT

Developing hard skill and soft skill competencies is part of the Human Capital cycle guidelines in managing Human Resources in accordance with Special Policy No.KK.3-A dated 31 October 2023 on the Human Capital Cycle. Every employee is obliged to develop their competencies so they can do their job well and prepare themselves to be able to face changes and/or to be appointed in a higher position. By adhering to the principle of equality, the company consistently provides every employee, both men and women, with equal opportunities to learn and develop their respective levels of competence. [GRI 3-3]

The company has established a structured learning and development program to improve employees' competency. The competency development program design includes aspects of knowledge, skills and attitudes. By making the company a "learning organization", it encourages all employees to continue to develop their competencies so that they are able to carry out their duties optimally, are ready to face changes and new challenges, and are prepared to fill higher positions. Based on the learning and development policy, the company applies the concept of analysis, design, development, implementation and evaluation (ADDIE) in developing employee competencies. In line with this, learning and development management is aligned with work and business needs through a 70:20:10 approach, meaning that 70% of the learning composition comes from practice, 20% from learning from others, and 10% from formal learning.

CAPABILITY IMPROVEMENT AND ESG EDUCATION FOR EMPLOYEES

The company is fully committed to improving ESG capabilities and skills for its employees. This belief underlies the view that improving employee capability will have a direct impact on the company's performance in achieving sustainability. Through the Quick Wins program, the concrete step taken by the company was to implement a continuing education program involving 140 employees in 2023. This program was designed to provide employees with an in-depth understanding of environmental, social and governance issues, enabling them to play an active role in supporting the company's sustainability goals. With this step, the company not only shows its responsibility towards the environment and society, but also invests in human resources development to achieve long-term positive change.

The following are details of enhancing ESG capabilities and education in 2023:

- Education and development of data privacy awareness capabilities for 31 employees;
- Education and development of security awareness crime, enterprise risk management and cyber security capabilities for 41 employees; and
- Implementation of risk management for as many as 68 employees.

To meet competency and expertise needs, the company carries out sustainable human resources development programs through various methods such as education, training, special assignments, and transfer and promotion programs. The following is a table showing the amount of human resources development based on position level during the period of January-December 2023:

Competency Development by Position Level

[GRI 2-17, 404-2][OJK E.2, F.22][FS4]

In 2023, members of the company's Board of Directors participated in various competency improvement programs in the forms of training, workshops, conferences and seminars related to ESG aspects, as described in the following table.

Trainings attended by the Board of Commissioners

Name	Position	Type of Training and Development Materials Competence / Training	Time and Place	Organizer
Chandra M. Hamzah	President/ Independent Commissioner	GRC Masterclass Program 2023 "ESG for Boards – Governance of ESG"	September 27, 2023 Virtual	BSE BUMN
		GRC Masterclass Program 2023 "Methodology and Environmental and Social Management Systems"	October 25, 2023 Virtual	BSE BUMN
Iqbal Latanro	Vice President Commissioner/ Independent Commissioner	GRC Masterclass Program 2023 "ESG for Boards – Governance of ESG"	September 27, 2023 Virtual	BSE BUMN
		GRC Masterclass Program 2023 "Methodology and Environmental and Social Management Systems"	October 25, 2023 Virtual	BSE BUMN
Armand B. Arief	Independent Commissioner	GRC Masterclass Program 2023 "ESG for Boards – Governance of ESG"	September 27, 2023 Virtual	BSE BUMN
		GRC Masterclass Program 2023 "Methodology and Environmental and Social Management Systems"	October 25, 2023 Virtual	BSE BUMN
Sentot A. Sentausa	Independent Commissioner	GRC Masterclass Program 2023 "ESG for Boards – Governance of ESG"	September 27, 2023 Virtual	BSE BUMN
		GRC Masterclass Program 2023 "Methodology and Environmental and Social Management Systems"	October 25, 2023 Virtual	BSE BUMN
Andin Hadiyanto	Commissioner	GRC Masterclass Program 2023 "ESG for Boards – Governance of ESG"	September 27, 2023 Virtual	BSE BUMN
		GRC Masterclass Program 2023 "Methodology and Environmental and Social Management Systems"	October 25, 2023 Virtual	BSE BUMN
Herry Trisaputra Zuna	Commissioner	GRC Masterclass Program 2023 "ESG for Boards – Governance of ESG"	September 27, 2023 Virtual	BSE BUMN
		Webinar OJK "Managing Environmental, Social and Governance Risk and Opportunities"	October 19, 2023 Virtual	OJK
		GRC Masterclass Program 2023 "Methodology and Environmental and Social Management Systems"	October 25, 2023 Virtual	BSE BUMN
Himawan Arief Sugoto	Commissioner	GRC Masterclass Program 2023 "ESG for Boards – Governance of ESG"	September 27, 2023 Virtual	BSE BUMN
		GRC Masterclass Program 2023 "Methodology and Environmental and Social Management Systems"	October 25, 2023 Virtual	BSE BUMN
Mohamad Yusuf Permana	Commissioner	GRC Masterclass Program 2023 "ESG for Boards – Governance of ESG"	September 27, 2023 Virtual	BSE BUMN
		GRC Masterclass Program 2023 "Methodology and Environmental and Social Management Systems"	October 25, 2023 Virtual	BSE BUMN

Throughout the year of 2023, members of the Company's Board of Directors participated in various competency improvement programs in the forms of training, workshops, conferences and seminars related to ESG aspects, as described in the following table.

Trainings attended by the Board of Directors

Name	Position	Type of Training and Development Materials Competence / Training	Time and Venue Program	Organizer
Nixon LP. Napitupulu	President Director	ASEAN Global Leadership Program (AGLP) - SRW&Co "Leading Innovation in Global Economic Recovery"	September 18 until September 22, 2023 in Chicago, USA	SRW&Co
Oni Febriarto Rahardjo	Vice President Director	Risk Management Class For Executive	April 12, 2023 in Jakarta	Strategic Development Group
		GRC Masterclass Program 2023 "ESG for Boards – Governance of ESG"	September 27, 2023 in Jakarta	BUMN School of Excellence
Andi Nirwoto	Director of Operation, IT, and Digital Banking	Level 5 Risk Management Certification Refreshment	May 22, 2023 in Jakarta	Mahesa Prima Solusindo
		IMD Executive Education "Digital Transformation for Boards"	November 14-25, 2023 in Switzerland	International Management Development
Eko Waluyo	Director of Human Capital, Compliance and Legal	Level 5 Risk Management Certification Refreshment	March 31, 2023 in Jakarta	Mahesa Prima Solusindo
		Certified Anti Fraud Professional	September 22, 2023 in Jakarta	Asia Anti Fraud
		GRC Masterclass Program 2023 "ESG for Boards – Governance of ESG"	September 27, 2023 in Jakarta	BUMN School of Excellence
		GRC Masterclass Program 2023 "Methodology and Environmental and Social Management Systems"	October 25, 2023 in Jakarta	BUMN School Of Excellence
		Deepening of the ASEAN CG Scorecard IICD	April 18, 2023 in Jakarta	IICD
		Dissemination of Prevention of Crime in the Financial Services Sector to Financial Services Business Actors in the Banking Sector in Jakarta Special Capital Region	December 4, 2023 in Jakarta	OJK
Setiyo Wibowo	Director of Risk Management and Transformation	BCG's Strategy Advantage Roundtable: Building Resilience in Times of Uncertainty	July 28, 2023 in Jakarta	Boston Consulting Indonesia
Nofry Rony Poetra	Director of Finance, Planning and Treasury	Level 5 Risk Management Certification Refreshment	March 31, 2023 in Jakarta	Mahesa Prima Solusindo
		Global ESG Corporate Access	June 27, 2023 in Singapore	BNP Paribas
		GRC Masterclass Program 2023 "ESG for Boards Governance of ESG"	September 27, 2023 in Jakarta	BUMN School of Excellence
Hakim Putratama	Director of Institutional Banking	Executive Education HBS "Strategy, Building, and Sustaining Competitive Advantage"	December 12 until December 15, 2023 di Boston, Massachusetts, USA	Harvard Business School
		Risk Management Class For Executive	April 12, 2023 in Jakarta	LPII

ESG WORKSHOP

ESG projects are sustainability projects that must be achieved by the company in running business. By managing a business that is more environmentally friendly, implementing good governance, and having social or ESG responsibility that is in line with business strategy, the company can realize its vision and mission as the Best Mortgage Bank in Southeast Asia 2025. As part of the ESG Project, the company held a workshop related to



ESG topics with the theme "The Future of Finance" on June 15, 2023. This internalization workshop aims to boost the understanding of employees in their respective work units regarding ESG, promote the real implementation of the ESG program as part of an environmental and social-based culture, as well as optimize the ESG program and its derivatives within the company.

The program was carried out in a hybrid manner—online and offline—by inviting KPMG Global partners, as well as by inviting Director of Risk Management and Director of Human Capital, Compliance and Legal as a form of active involvement of top management in the implementation of ESG at the Company.

In 2023, the company's employees participated in various competency improvement programs in the forms of training, workshops, conferences and seminars related to ESG aspects, as described in the following table.

Trainings Attended by Employees

No.	Training Name	Time	Method
1.	BTN Workshop ESG	June 15, 2023	Classroom / Virtual Classroom
2.	Green Financing & Renewable Energy	October 5, 2023	Classroom / Virtual Classroom
3.	Training on Environmental Impact Analysis (Amdal)	November 12, 2023	Classroom / Virtual Classroom
4.	Greenship Associate Training	November 3-4, 2023	Classroom / Virtual Classroom
5.	Enhancing Business Ecosystem for SBH	June 9-10, 2023	Classroom / Virtual Classroom
6.	Anti-Corruption Instructor Assessment 2023	April 11-12, 2023	Classroom / Virtual Classroom
7.	Effective Sales and Credit Process SME	July 3-7, 2023	Classroom / Virtual Classroom

No.	Training Name	Time	Method
8.	BTN IT Security	January 27-31, 2023	Classroom / Virtual Classroom
9.	Anti-Fraud & Legal (CAFP) Certification	September 21-22, 2023	Classroom / Virtual Classroom
10.	Anti-Fraud Manager (CAFM) Certification	September 4-6, 2023	Classroom / Virtual Classroom
11.	Fraud Examiner Certification	August 7-11, 2023	Classroom / Virtual Classroom
12.	Implementation of the Anti-Money Laundering Program and Prevention of Terrorism Financing and Funding for the Proliferation of Weapons of Mass Destruction 2023	August 24-25, 2023	Classroom / Virtual Classroom
13.	Webinar on Security Awareness Cyber Crime	July 14, 2023	Classroom / Virtual Classroom
14.	Identifying Fraud Crisis Points	February 20-21, 2023	Classroom / Virtual Classroom
15.	Cybercrime Prevention and Handling Workshop	July 13, 2023	Classroom / Virtual Classroom
16.	GRC Masterclass "ESG for Auditors"	July 13, 2023	Classroom / Virtual Classroom
17.	ESGM Implementation Training	March 2-4, 2023	Classroom / Virtual Classroom
18.	Seminar on Sustainable Finance Forum 2023	December 4-8, 2023	Classroom / Virtual Classroom
19.	Webinar Organized by the Financial Service Authority called "Managing ESG Risk and Opportunities"	October 19, 2023	Classroom / Virtual Classroom
20.	ESG Workshop organized by BTN	June 15, 2023	Classroom / Virtual Classroom
21.	Business Ecosystem Development for BFS	July 7-8, 2023	Classroom / Virtual Classroom
22.	Awareness Training ISO 9001:2015	May 5-8, 2023	Classroom / Virtual Classroom
23.	Certified Ethical Hacker (CEH)	September 11-15, 2023	Classroom / Virtual Classroom
24.	Identification of Suspicious Financial Transactions	July 17-18, 2023	Classroom / Virtual Classroom
25.	Internalization of the Anti-Money Laundering Program and Prevention of Terrorism Financing and Funding for the Proliferation of Weapons of Mass Destruction Program	August 25, 2023	Classroom / Virtual Classroom
26.	Internalization of the management of the Anti-Money Laundering Program and Prevention of Terrorism Financing and Funding for the Proliferation of Weapons of Mass Destruction Program	September 25, 2023	Classroom / Virtual Classroom
27.	ASEAN CG Scorecard In-depth Training	April 18, 2023	Classroom / Virtual Classroom
28.	Increasing Understanding of Gratification organized by the Corruption Eradication Commission (KPK)	October 12-14, 2023	Classroom / Virtual Classroom
29.	Security & Hacking Technique Web & Mobile	January 19-26, 2023	Classroom / Virtual Classroom
30.	BARa Risk Forum Seminar "ERM & Cyber Security"	July 26, 2023	Classroom / Virtual Classroom
31.	Anti-Money Laundering and Prevention of Terrorism Financing Webinar "Awareness of Money Laundering Crime Modes"	April 22, 2023	Classroom / Virtual Classroom
32.	Webinar II Anti-Money Laundering and Prevention of Terrorism Financing in 2023	June 21, 2023	Classroom / Virtual Classroom
33.	OJK Webinar - Gratification Prevention Strategy	May 19, 2023	Classroom / Virtual Classroom
34.	Certification for Securities Marketing Intermediary Representative (Responsible Marketing)	September 18-19, 2023	Onsite

Competency Development Costs

In 2023, the company allocated a budget for employee competency development. An increase of 10% was recorded compared to the budget in 2022. The company applied a blended learning method that combines online learning, virtual classes, and independent learning. This aims to improve the efficiency of implementing educational programs without sacrificing the effectiveness of each program. This effort is directed at continuing to increase added value for employees, including by fulfilling the required competencies. Details of the overall employee competency development budget is presented in the following table:

Competency Development Costs (In million rupiah)		Growth	
2023	2022	In currency (In million rupiah)	In percentage (%)
95,928	86,945	8,983	10%

Number and Average Hours of Employee Training by Gender [GRI 404-1]

Note	2023		2022		2021	
	Male	Female	Male	Female	Male	Female
Number of Employees	6,288	5,757	6,396	5,727	6,032	5,137
Number of Education and Training Participants	17,342	14,086	15,842	13,607	14,722	12,803
Number of Education and Training Hours	393,096	349,610	342,379	313,909	304,201	233,646
Average Education and Training Hours per Participant	22.67	24.82	21.61	23.07	20.66	18.25
Average Education and Training Hours per Person	62.52	60.73	53.53	54.81	50.43	45.48
Total Number of Education and Training Participants	31,428		29,449		27,525	
Total Number of Education and Training Hours	742,706		656,288		537,847	

Number and Average Hours of Employee Training by Position Level [GRI 404-1]

Position Level	2023			2022			2021		
	Total Participant	Total Number of Training Hours	Average Training Hours	Total Participant	Total Number of Training Hours	Average Training Hours	Total Participant	Total Number of Training Hours	Average Training Hours
Level 22	13	290	22	13	250	19	7	88	12.57
Level 19 till 21	599	13,874	23	438	5,626	13	325	5,862	18.04
Level 15 till 18	5,792	111,066	19	4,424	79,743	18	3,987	103,898	26.06
Level 13 till 14	9,061	317,128	35	9,088	183,582	20	6,253	132,258	21.15
Level 11 till 12	12,395	234,147	19	11,961	310,976	26	13,142	240,114	18.27
Level 8 till 10	3,568	66,201	19	3,449	75,048	22	3,803	55,544	14.61

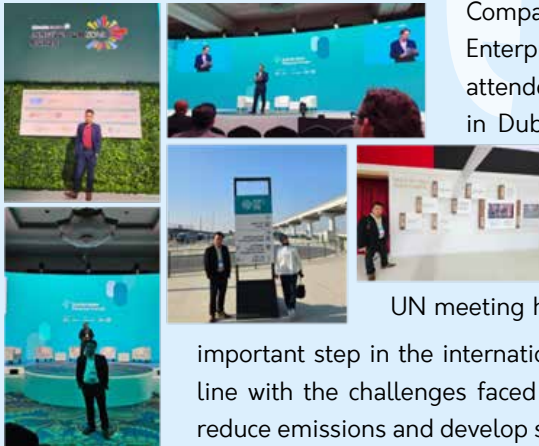
The company's efforts to create excellent human resources do not stop at education and training programs, but also facilitate selected permanent employees to continue their education to a higher level. These endeavors are made based on General Policy on Human Resources (Human Capital) KU.3 concerning Learning and Development Management that aims to enhance employee competency to create a workforce that is skilled, tough and responsive in accordance with the needs and developments in the banking world. Education and training are not only provided to employees who are still employed but are also intended for those who are about to retire. With this training, the company plays a role in helping prepare employees who will enter retirement so that they have the readiness and skills needed to remain productive during retirement. [GRI 404-2]

ESG WEBINAR FOR INTERNALS - BECOMING ESG CHAMPION: BTN BLUEPRINT FOR SUSTAINABLE FUTURE

On December 1 2023, the company held a webinar aimed at all internal employees, especially managerial positions, along with Director of Risk Management and Director of Human Capital, Compliance & Legal and invited KPMG Global as a partner. The webinar has the theme "Becoming ESG Champion: BTN Blueprint for Sustainable Future". The webinar aims to increase awareness of the implementation of ESG in the Company by presenting BTN's strategic initiatives. ESG is one of the 8th strategic initiatives of the company's 10 strategic initiatives in 2024.



PARTICIPATION IN THE 28TH CLIMATE CONFERENCE (COP-28)



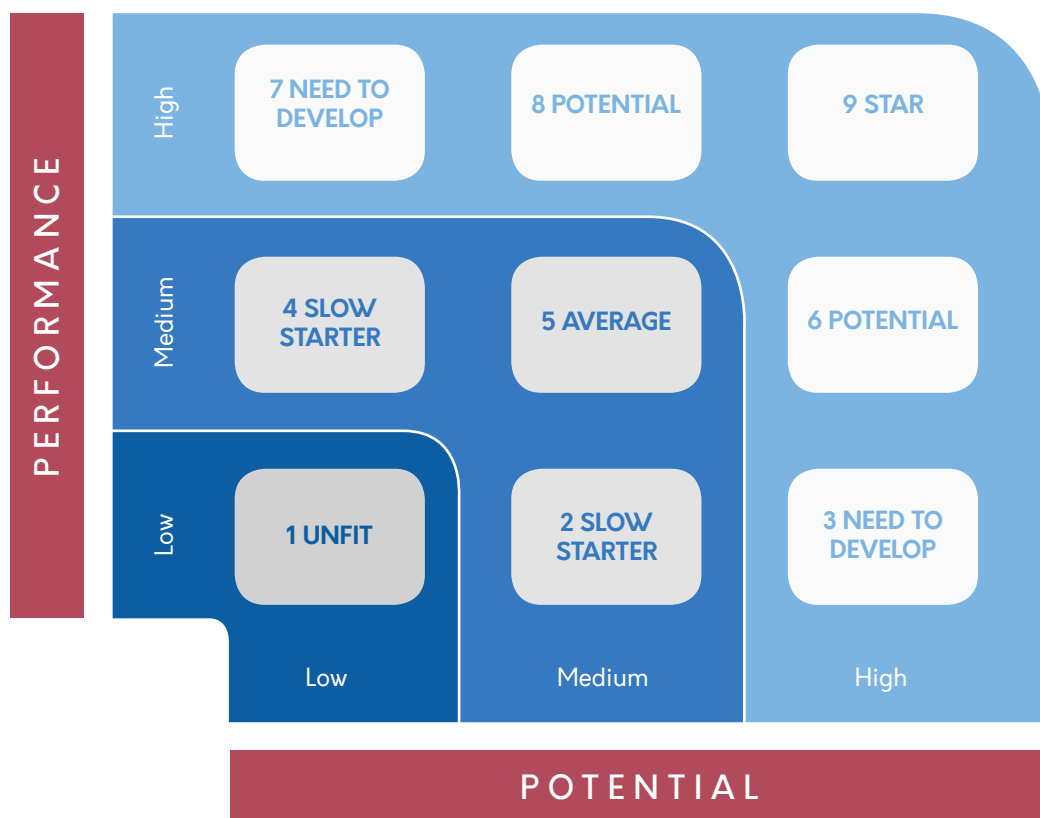
Company representatives from the ESG Department, Enterprise Risk Management Division (ERMD) also attended the 28th World Climate Conference or COP28 in Dubai, United Arab Emirates from December 4 to December 8, 2023.

COP28, or the 28th United Nations (UN) Climate Change Conference, is an annual UN meeting held to discuss global climate issues marking an important step in the international ongoing efforts to tackle climate change. In line with the challenges faced at previous conferences, COP28 is expected to reduce emissions and develop strategies for all countries attending.

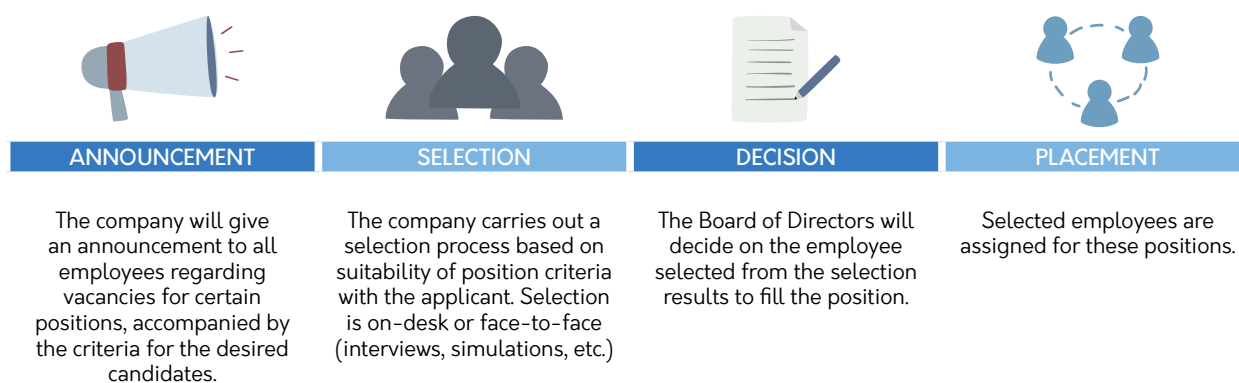
The company's participation in COP28 activities is in an effort to increase insight regarding ESG, to seek innovation breakthroughs related to climate, and to obtain information regarding the latest technology that may be adopted in the company's business.

Career Development

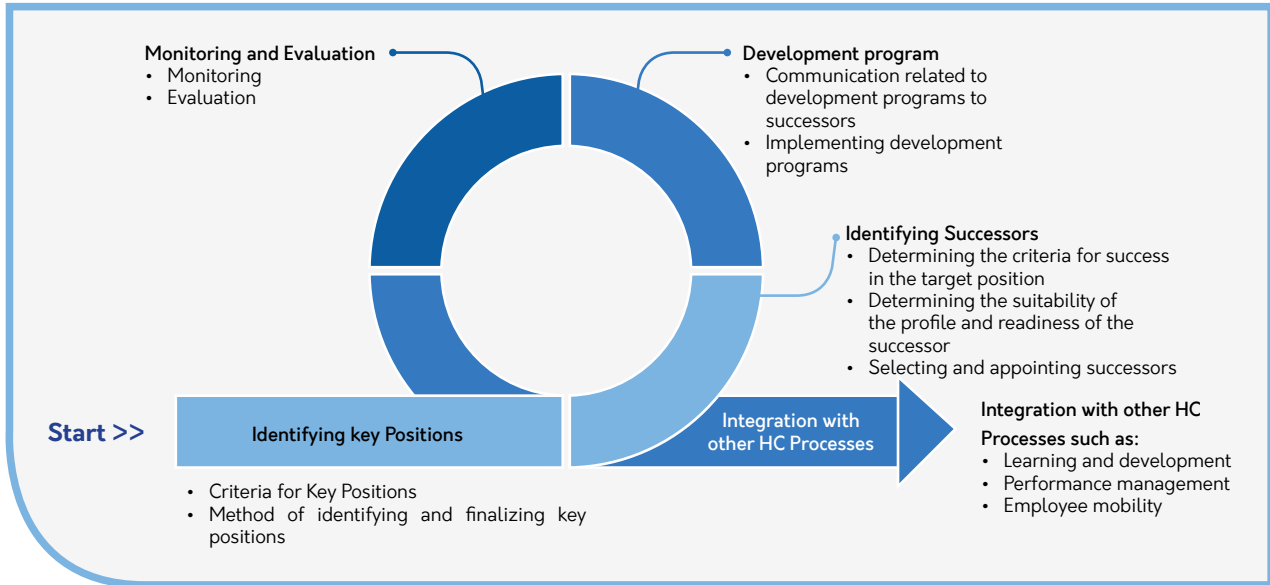
The company provides various paths in managing employee career development. Each career path offers different levels of advancement and opportunities. Career path mapping is carried out based on an evaluation of the talents and potential of each employee. Each employee is identified in a potential matrix formulated by considering aspects of performance and potential, as shown below:



In addition to potential mapping, the company also implements a Job Posting program, which is a process of openly searching for candidates for certain positions. The aim of this process is to provide extensive opportunities for employees to develop their respective careers.

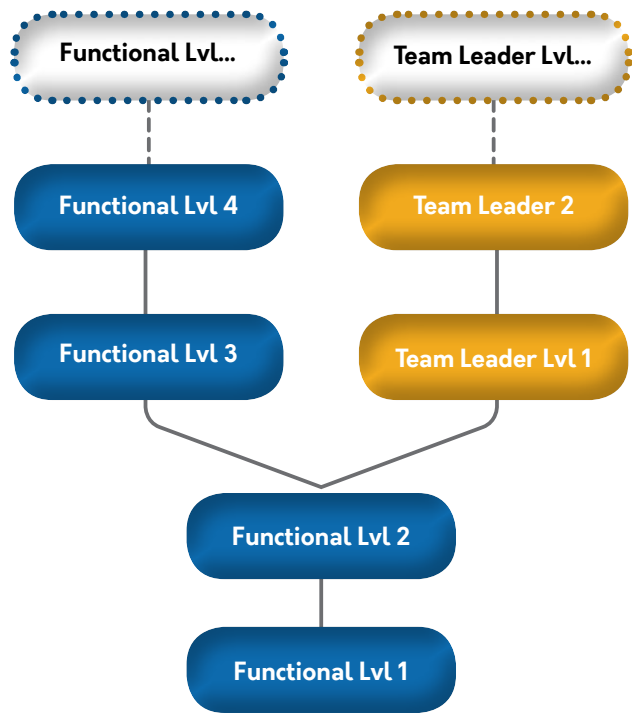


When filling key positions, BTN involves a process of preparing successors for strategic positions in the organization. This process is based on nomination and selection of potential employees, with the following steps:



The company has a program to accelerate career development known as the Talent Acceleration Program (TAP). This program aims to fill key positions at the BOD-1, BOD-2, and BOD-3 levels. This program is implemented through two frameworks: the fast-track program and the BTN Millennials Program. The fast-track program is intended for all employees under 40 years of age. Meanwhile, the BTN Millennials Program is intended for new graduate employees under 26 years of age, as well as employees under 30 years of age with strong motivation to become future leaders and play an active role in the company.

The TAP program has a focus that includes aspects of leadership, increased exposure, experience, and technical competency. The transfer of employees from one position to another in the company is implemented using a "dual path" approach, which includes meeting the company's needs for positions with certain skills (functional) and positions with a managerial character. Employees have the opportunity to undergo both transfer paths, both to managerial and functional positions. The determination between managerial and functional is determined by the company's needs, employee competencies and capabilities, and the aspirations of the individuals concerned.



The company conducts employee performance reviews and assessments based on General Human Resources Policy (Human Capital) KU.3 on Career Management, including policies related to employee career planning and development within the company. In determining assessment indicators, the company does not discriminate based on gender, but rather focuses on employee competency and potential. The results of the performance assessment will be one of the factors considered when the company formulates policies regarding the career development of certain employees.

The company has prepared a career path structure as a step to create opportunities for growth and motivation for employees to develop. This career path is formed based on position categories, job families, and individual career planning structures which are determined based on the employee's core competencies (core, leadership, and job family) as well as the learning curriculum. In 2023, the company conducted performance assessments on all company employees (100%) at all levels of position, regardless of gender. [GRI 404-3]

PROTECTION OF EMPLOYEE RIGHTS

The company is fully committed to protecting employee rights. Fulfillment of employee rights is considered to be able to encourage employee satisfaction which can directly improve the company's performance in achieving sustainability.

The company continues to carry out routine negotiations with the Worker Union to prepare and agree on a Collective Labor Agreement (LCA) which is valid for two years with a maximum extension option of one year. The company has registered the CLA with Ministry of Manpower and Transmigration of the Republic of Indonesia, as the institution authorized to ensure business actors' compliance with employment issues, in accordance with Decision of the Director General of Industrial Relations Development and Social Security for Workers Number Kep. 4/ HI.00.01/00.0000.220825025/B/ IX/2022 dated 16 September 2022. The CLA currently in effect is the CLA for the 2022-2024 period. [GRI 2-30] [OJK F.19]

The Collective Labor Agreement (CLA) does not yet include Regulation of Minister of Manpower Regulation No. 28 of 2014 on Procedures for Making and Ratifying Company Regulations and Making and Registration of Collective Work Agreements. However, the company ensures that all employees have their rights protected in the CLA and are members of the Labor Union.

The company is also committed to preventing opportunities for forced labor to occur within the company. This commitment is regulated in detail through the General Human Resources Policy (Human Capital) KU.3 on Working Days and Hours. Specifically, this policy regulates the bank's operational days and hours so that employees can attend, work and rest according to a predetermined schedule. If a situation occurs where an employee works beyond the specified working hours, the company will provide compensation in the form of overtime pay to the employee. The amount of overtime incentives is given in accordance with the provisions regulated in General Human Resources Policy (Human Capital) KU.3 on Compensation and Benefits Management. [GRI 409-1]

In building positive working relationships, the company always maintains two-way communication with employees. This communication includes conveying information related to changes in organizational structure and additional business units to employees, as well as aspects related to personnel management. All this information can be accessed via LAPs, an internal app that regulates various regulations of the company.

Employee Remuneration

For the company, fulfilling remuneration is giving awards to employees that must be carried out fairly without any discriminatory practices based on gender, ethnicity, race, religion, skin color and other forms of diversity. The company guarantees that there is no difference in the ratio of basic salary and remuneration received by female and male employees at the same position level. Remuneration is completely based on performance achievements and responsibilities of the position held. To ensure this, the company has a remuneration and employee welfare system regulated in Special Policy 3-B dated 31 October 2023 on Remuneration. This rule refers to Regulation of the Financial Services Authority Regulation No. 45/POJK.03/2015 on the Implementation of Governance in Providing Remuneration for Commercial Banks and Circular of the Financial Services Authority Number 40/SEOJK.03/2016 on the Implementation of Governance in Providing Remuneration for Commercial Banks. [GRI 3-3, 405-2]

The company implements a remuneration system to motivate and retain the best employees and aims to meet the need for quality human capital. To support the company's strategies and promote optimal and sustainable performance, the company implements performance and risk-based remuneration that refers to employee performance. In line with this, the implementation of the wage structure and scale is adjusted to the prevailing regulations. Remuneration determined by considering the performance of each individual employee (based on performance), the performance of the work unit, and the performance of the company as a whole. All of these considerations will be adjusted to the company's

financial capacity in the process of determining the final amount of remuneration.

As a form of implementing the remuneration policy, the company provides salaries, annual salary adjustments, holiday allowances, annual leave pay, and long leave pay given for each 3 (three) year work period. Health facilities are also provided by the company for employees and their family members. These facilities cover coverage for inpatient care, outpatient care after hospitalization, childbirth costs, dental care, general check-ups, purchasing of glasses, and others.

The company also upholds the principle of gender equality in which the average overall salary between men and women, and when compared to the median salary of male employees with female employees, is 1:1, showing gender equality in income. This demonstrates the company's commitment to providing wages based on gender.

Composition of Salary for Male and Female Employees

Gender	Total	Total Salary	Average Salary	Median Salary
Male	6,288	93,496,731,817	14,869,073	9,526,241
Female	5,757	59,465,181,119	10,329,196	8,206,352
Total	12,045	152,961,912,936	25,198,269	17,732,593

Remuneration provided by the company is variable, the amount of which depends on certain conditions. Variable remuneration is a manifestation of the company's attention to fulfilling employees' basic needs. Some examples of remuneration provided include location allowances, position allowances intended for certain positions, overtime pay, clothing allowances for all employees, sales incentive bonuses, and annual bonuses. The company also gives attention to housing and transportation needs by providing special credit facilities for employees.

The company provides remuneration components and facilities that are adjusted to employment status, and ensures that the rights received by contract employees are in accordance with the applicable standards. [GRI 401-2]

Remuneration and Facilities Components	Permanent Employee	Contract Employee
Basic Salary	✓	✓
Holiday Allowance	✓	✓
Leave Allowance	✓	-
Clothing Allowance	✓	✓
Benefits (position, housing, vehicle, skills, fuel, location, taxes)	✓	-
Performance Bonus	✓	✓
Housing Loans	✓	-
Pension	✓	-
BPJS	✓	✓
Regular Health Facilities	✓	✓
Medical Assistance	✓	only BPJS Kesehatan
Funeral assistance	✓	✓

The company remains committed to ensuring fairness in providing remuneration. Since 2018, the company has made various improvements related to remuneration policies, including adjusting salaries to the P75 percentile to boost competitiveness, increasing benefits such as better employee transfer facilities, credit, health services and overtime; as well as implementing a variable compensation system for sales personnel. The company is also committed to providing salaries for entry level employees above the local minimum wage, in addition to carrying out the government mandate contained in Regulation of Minister of Manpower and Transmigration of the Republic of Indonesia Number 7 of 2013 on Minimum Wages by adjusting employee salaries consistently. [GRI 202-1][OJK F.20]

Maternity leave

Maternity leave is a right granted by the company to all employees to undergo or accompany childbirth. This has been regulated in the General Policy of Human Resources (Human Capital) KU.3 on Industrial Relations Management. Maternity leave can be requested by female employees for 1.5 (one and a half) months before and after the childbirth process, or during the three months of delivery. For male employees who will accompany their wife's childbirth, they are entitled to five days of paternity leave. The company also provides female permanent employees with miscarriage leave for 45 days, starting from the time the miscarriage occurs. [GRI 401-3]

Maternity Leave of Employees

Description	2023		2022		2021	
	M	F	M	F	M	F
Number of employees entitled to maternity leave	4,506	3,520	4,431	3,489	4,198	3,287
Number of employees who take maternity leave	514	564	576	613	616	581
Employees who return after taking maternity leave	506	472	573	533	616	581

* M= Male/F = Female

Retirement Preparation Period (RPP) Program

Retirement Preparation Period Program (MPP) is the manifestation of the company's attention to the welfare of employees who are about to be in the retirement period. This program is implemented for 12 months with various special skills training programs to prepare employees for life after retirement. The training and consultation program is designed comprehensively with a spiritual quotient (SQ), emotional quotient (EQ), and intelligence quotient (IQ) approach useful for creating conditions for a person's retirement that can bring happiness, health, and prosperity. This program is aimed at permanent employees who have reached the age of 55 years as part of appreciation for permanent employees for their contribution to the company. [GRI 404-2]

The training that is part of the RPP Program is carried out using certain methods to ensure the benefits provided are effective and optimal. These methods include:

1. Experimental Learning
This approach underscores understanding and appreciation from the simulation experience and interacting with other participants to produce stimulus and enlightenment to make changes in attitudes and behavior in a more effective and productive direction.
2. Quantum Learning
This approach focuses on the aspirations of the participants and two-way communication coupled with a comfortable and enjoyable training situation, bringing about changes in the attitudes and behavior of the participants that will influence the realization of optimal positive changes.
3. Technical Method
Several approaches to the technical methods used include presentations (lectures), games (games/role play/stimulation), discussions, independent assignments, case studies, and multimedia presentations.

Pension benefits are rights given by the company to permanent employees who have reached the normal retirement age of 56 years and permanent employees in the positions of teller staff, customer service staff and secretaries who are 36 years old. These rights are managed through a pension benefit program consisting of the Manfaat Pasti Program and the luran Pasti Program. In the Manfaat Pasti Program, employees still receive benefits according to a formula determined by the Pension Fund. Meanwhile, in the luran Pasti Program, employees still receive pension benefits from the accumulated contribution balance amounting to 2.5% of individual salary, 7.5% from the company, and the development results. The company implements this pension benefit program as a right for permanent employees and the highest amount of pension benefit that can be received is 80% of the basic pension income. These rules follow Special Policy No. 3-2 dated March 24 2023 concerning BTN Pension Fund Regulations.

The company also gives attention to employees who are about to retire by preparing and providing special incentives. This is stated in General Human Resources Policy (Human Capital) KU.3 on Management of Termination of Employment Relations. Based on this policy, employees who are entitled to pension benefits are permanent employees who have reached the age of 56 years. The following are the retirement benefits provided:

- The Manfaat Pasti Program in the form of pension benefits in the amount of a formula determined by the Pension Fund;
- The luran Pasti Program in the form of pension benefits from the accumulated balance of permanent employee contributions amounting to 2.5% from the employee concerned, 7.5% from the company, and the development result.
- Referring to the Board of Directors' Decision that regulates the PT Bank Tabungan Negara (Persero) Tbk (Dapen BTN) Pension Fund Regulations, the amount of pension benefits is a maximum of 80% of the basic pension income.
[GRI 201-3]

Handling Employee Complaints

The Company understands that one of the most important aspects to maintain a conducive and healthy work environment is the harmonious and open relationship between employees and the management. This understanding has prompted the company to design a digital personnel platform called Intelligence BTN Employee Service (iBES/HCIS) with the aim of providing easy access for employees to all information and personnel matters. The company also provides a whistleblowing system (WBS) facility, which is managed by an independent third party as part of efforts to maintain and ensure the maintenance of an anti-fraud culture within the company. Through Technical Instructions No. 7-B.2 dated 31 October 2023 on Management of the Whistleblowing System, the company also utilizes the WBS as a means of managing complaints or complaints from employees regarding issues regarding employment practices and human rights.

Through Technical Instructions No. 7-B.2 dated 31 October 2023 on Whistleblowing System Management, included in the mechanism for handling employee complaints are:

- The WBS process and mechanism is the responsibility of the President Director and WBS Manager consisting of the WBS Committee and WBS Monitoring Committee;
- The WBS Committee consists of a collection of several divisions and WBS management units, while the WBS Monitoring Committee consists of the President Commissioner and other commissioners in the company;
- Unless the reported party is a member of the Board of Directors and a person who has a special relationship with the board of directors and/or members of the WBS committee, the report can be submitted to the WBS Monitoring Committee; and
- If the reported party is a member of the Board of Commissioners and someone who has a special relationship with the commissioner, then the report can be submitted to the President Director.

Occupational Health and Safety (OHS)

Creating a safe and healthy work environment for employees is one of the company's commitments in realizing the home of Indonesia's best talent. This commitment is realized by the company by providing all employees with the right to protection at work, as stated in occupational health and safety (OHS). The company always makes optimal efforts to maintain zero work accidents and zero work-related illnesses. Safety and health in the workplace have a positive impact on boosting employees' productivity and trust in the company, ultimately contributing to the company's success. [GRI 3-3][OJK F.21]

The company's obligation to provide welfare, safety and health protection, both mental and physical to the workforce, is regulated in Law No. 13 of 2003 on Employment. In line with these regulations, the company has established policies regarding the occupational health and safety management system (OHSMS), which is stated in: [GRI 403-1]

- Technical Guidance No. 9-AG.1 dated 29 September 2023 on Guidelines for Implementing Occupational Health and Safety Management System (OHSMS), and
- Special Policy No. 9-AG. dated 29 September 2023 on Occupational Safety and Health and Safety Management System (OHSMS).

Referring to Regulation of Minister of Health the Republic of Indonesia Minister of Health Regulation No. 48 of 2016, the implementation of OHS in office environments begins with the establishment and development of an office OHSMS and implementing office OHS standards. Aspects that need to be regulated in office OHSMS include establishing OHS policies, OHS planning, implementing OHS plans, monitoring and evaluating OHS as well as reviewing and improving OHSMS performance.



WELLNESS IN THE WORKPLACE [GRI 403-4]

Wellness is a concept that includes physical, mental, emotional, and social aspects of a person's survival. This concept puts emphasis on balance and harmony in various aspects of life in order to achieve a better quality of life. Wellness entails efforts to maintain and improve physical health, manage stress, care for mental health, maintain positive social relationships, and care for the body and mind.



In commemoration of World Mental Health Day which falls on October 10 2023, the company held a webinar with the theme "Wellness in the Workplace". This webinar aims to provide employees with an understanding of how to manage various emotions well and efforts to maintain a balance of wellness in the work environment.

The company also organized a Mental Health Talk on October 17, 2023 with the aim of increasing knowledge, awareness, and encouraging action to protect employee mental health. The event was opened by Director of Human Capital, Compliance & Legal, Mr. Eko Waluyo and attended by dr. Agus Ali Fauzia PGD, Pall, Med as a speaker. The event was attended by all the company's employees in a hybrid manner (offline and online).

Organizing a series of activities related to wellness topics is in line with the quick wins implemented by the company in implementing ESG to improve employee comfort in carrying out their duties, so that they can provide optimal contributions to the company.



In accordance with OHSMS principles, the company implements various programs related to employee safety and health as follows: [GRI 403-1]

Employee Health Management Program

The company has taken several steps to improve the quality of employee health, including by providing various health facilities whose quality and practice permits are guaranteed. The company also collaborates with third parties for various health services that cannot be provided internally. Various health facilities and services that can be accessed by employees include: [GRI 403-1, 403-3, 403-6]

- a. Periodic medical check-up facilities and treatment services with the aim of identifying and treating certain diseases that are currently endemic;
- b. Services to improve the quality of employees' health, including guaranteed reimbursement for inpatient hospital costs, outpatient costs, childbirth costs, dental care costs, replacement glasses, hearing aid costs, laboratory examinations and other medical costs;
- c. Polyclinic and doctor facilities that can be visited by employees and their families any time;
- d. Educational seminars on anti-drugs, AIDS, and other topics related to health in the work environment; and [GRI 403-5]
- e. BPJS Kesehatan insurance services for employees and their families.

Employee Safety Management Program [GRI 403-5]

- a. All operational offices are equipped with work safety devices, such as light fire extinguishers (APAR), smoke detectors, diesel pumps and emergency stairs to ensure the safety of the office and the employees. The provision of these devices is guided by the standards set by the government through Regulation of Minister of Public Works No. 26/PRT/M/2008 on Technical Requirements for Fire Protection Systems in Buildings and the Environment;
- b. The company periodically carries out routine inspections, maintenance, and replacement of all work safety devices. This program aims to monitor and control the level of appropriateness of work safety devices in the company's offices;
- c. All operators of work safety equipment (for example: lifting and transport aircraft) have certificates issued by the Jakarta Provincial Manpower and Transmigration Service;
- d. The company installs fire situation plans and fire safety procedures for all rooms and floors of the building. This facility does not only function as a means of warning employees in an emergency, but also a means of educating employees regarding handling fires;
- e. Organizing training and simulations of emergency situations due to disasters and fires at the offices; and
- f. Employees are certified by the training "Development and Certification of General Occupational Safety and Health Experts" organized by BPJS Kesehatan (the Healthcare and Social Security Agency).

Occupational Health and Safety Management System (OHSMS) Standard Operating Procedure (SOP)

Definition of OHSMS, according to Regulation of Minister of Health Republic of Indonesia Minister of Health Regulation No. 48 of 2016 on Office Occupational Safety and Health Standards is "part of the overall office building management system in controlling risks related to work activities in order to create a safe, efficient and productive workplace". The implementation of OHSMS aims to enhance the effectiveness of occupational safety and health protection through a series of work procedures that are more planned, measurable, structured, and integrated, with the aim of preventing accidents or illnesses caused by work.

The company implements OHSMS and special OHS policies that cover all employees (100%) and employees who carry out activities within the company's operational areas, in accordance with the Human Capital Management Division Work Unit database. In line with this, the preparation and installation of standard operating procedures (SOP) is an effort made by the company to ensure the health and safety of employees and interested parties in the company's operational areas, including providing training on healthy and safe work methods. [GRI 403-1, 403-7, 403-8]

In 2020, the company implemented General OHS Expert (GOHSE) certification for several employees. Employees who have received GOHSE certification have the main task of ensuring the implementation of OHSMS and office OHS standards in the company. Their duties also include identifying hazards by applying the principle of hierarchy of control, carrying out risk assessments, and carrying out investigations if incidents occur in the company's operational areas so that they will not happen again. The GOHSE certification is a program from the Ministry of Manpower to prepare OHS experts within the company. Some of the occupational safety and health certification materials that have been implemented include: [GRI 403-2, 403-4, 403-5]

- a. Facilities and infrastructure supporting building operations, for example lifts, generators, air conditioning and lighting;
- b. Regular medical check-ups for employees;
- c. Work support equipment that should not have an effect on health; and
- d. Periodic employee rotation so that they are not psychologically disturbed.

Several other policies that have been implemented relating to OHS include:

- a. Prohibition of the abuse of narcotics, psychotropic substances and addictive substances;
- b. Prevention of the spread of infectious diseases; and
- c. Management of partners/third parties related to OHS.

The company always makes every effort to create a safe and comfortable work environment for all employees, one of which by consistently complying with all the prevailing regulations and standards. The company always encourages every employee to actively participate in creating a safe and comfortable work environment, which is implemented by providing them with consultation facilities, reporting risks and hazards in the work environment, and communicating relevant information regarding the implementation of OHSMS and OHS standards. The company's consistent implementation of OHSMS has brought positive results as reflected in zero work accident incidents and zero cases of employees suffering from work-related illnesses. [GRI 403-2, 403-4, 403-9, 403-10]

HARMONIOUS INDUSTRIAL RELATIONS

The company upholds the rights and freedom of employees to associate and assemble, in accordance with the policies of the Indonesian government which has ratified 19 Conventions of the International Labor Organization (ILO). Based on the regulations derived from the ratification results, the company provides space for employees to negotiate and participate in seeking remediation, with the hope of fostering and maintaining harmonious relations between the company and employees.

The company also complies with Article 28E Paragraph (3) of the 1945 Constitution of the Republic of Indonesia that states that freedom of association, assembly and expression is part of human rights; Law Number 21 of 2000 on Trade Unions that states that in realizing freedom of association, employees have the right to form and develop trade unions; and International Labor Organization (ILO) Convention Number 87 of 1948 on Freedom of Association and Protection of the Right to Organize. [GRI 3-3]

The company's form of compliance with all these regulations is implemented by the establishment of a labor union on June 24, 1999 called BTN Labor Union and has been registered with the Jakarta Capital Region Department of Manpower with Number Kep-2241/W.26/K.2/1000. The company also ensures that the role of existing labor unions operates in accordance with the government's mandate outlined in the Republic of Indonesia Minister of Manpower Regulation No. 28 of 2014 concerning Procedures for the Formulation and Approval of Company Regulations as well as the Formulation and Registration of Collective Labor Agreements. The company grants freedom of association to all employees that include: [GRI 407-1]

- a. Freedom to become a member of the BTN Workers Union;
- b. Freedom to express aspirations through the Bank Labor Union; and
- c. Freedom to gather in BTN Labor Union activities.

COMMUNITY DAY

To promote the principle of work-life balance, the company organized BTNers Connect event on October 4-6, 2023 at BTN Tower Lobby. The main agenda for this event is the inauguration of the BTNers Club, which will later become a unifying forum for all official communities at BTN. The event was opened by Director of Human Capital, Legal & Compliance, Eko Waluyo and closed with the inauguration of the BTNers Club by the President Director Nixon LP Napitupulu.

A total of 26 communities participated in enlivening this event by decorating their booths and presenting various interesting performances with their own uniqueness. Each community invites BTNers to join according to the interests and hobbies of each employee. Through this program, the company not only creates a balanced work environment, but also provides opportunities for BTN employees to explore and join various communities according to their interests and hobbies. BTNers Connect and BTNers Club are not just events, but are also a means to strengthen relations between employees and promote the formation of diverse communities in the company's work environment.



SENTRA PROSES UMKM





06

Community Empowerment

CONTRIBUTION TO COMMUNITY WELFARE

The company has taken significant steps by affirming its commitment to managing impacts on people and communities, as well as society at large. The focus on this aspect shows the company's strong commitment to managing the impact of its business activities on the welfare and development of society. By establishing people and community as one of the components in the ESG Roadmap, the company seeks not only to create economic value, but also to make a positive contribution to social development and welfare of communities around the company. This endeavor is in line with global societal trends that increasingly underscore the importance of sustainability and corporate social responsibility in carrying out business operations.

The company continues to strengthen its commitment to social and environmental responsibility through integration with the Sustainable Development Goals (SDGs) and the implementation of the Corporate Social Responsibility program. As a form of implementation of Regulation of Minister of SOE No. PER-1/MBU/03/2023 on Special Assignments and Social and Environmental Responsibility Programs for State-Owned Enterprises, the company has developed initiatives that focus on sustainable development goals and concern for the environment.

MSME GO DIGITAL

On October 10 2023, the company organized MSME Go Digital Workshop and Exhibition in Jepara, Central Java. The event was attended by more than 250 MSME players in Jepara and the surrounding areas. In supporting the growth of MSMEs, the company invites MSME players to continue developing their businesses so they can adapt well. As a token of the support, the company has launched various programs, including establishing MSME Process Centers in various areas such as Medan, Brebes, Palembang, Palopo, and other cities. The company also facilitates MSMEs to make global market penetration. These steps demonstrate the company's commitment to supporting and expanding opportunities for MSMEs in Indonesia.















CORPORATE SOCIAL RESPONSIBILITY (CSR)






[GRI 203-1, 203-2, 413-1] [OJK F.23, F.25, F.3]

Through the CSR program, the company aims to bring a positive impact on human life and the environment. The company's CSRL program is directed at empowering communities, improving the quality of life, and maintaining the sustainability of the surrounding ecosystem. In the company's Work Plan and Budget, CSR is one of the important pillars that drives the company to innovate and develop together with society. Therefore, by orienting towards the ISO 26000 standard, the company has designed a series of concrete programs to support the creation of community welfare, while providing a positive impact for the company itself. With these steps in place, the company continues to realize its strategic role in supporting sustainable development and creating positive value for all stakeholders. [GRI 3-3]

In 2023, the company realized the CSR program funds amounting to Rp79.99 billion.

Realization of the CSR Program

SDG	2023	2022	2021
	Total (Rp)	Total (Rp)	Total (Rp)
Social Pillar			
	10,505,377,274	5,679,495,611	4,285,803,895
	14,798,413,813	12,719,690,723	5,734,024,385
	12,348,435,325	9,409,466,565	9,922,685,070
	12,635,697,919	4,894,798,719	6,162,622,395
	-	30,000,000	176,808,900
Economic Pillar			
	50,000,000	971,740,516	200,000,000
	4,361,935,431	3,461,216,148	1,664,860,903
	2,270,000,000	6,455,431,482	537,884,912
	5,734,719,287	4,241,653,236	496,550,800
	943,694,328	604,739,600	430,752,100
	270,000,000	660,166,447	76,750,000
	14,993,831,355	9,963,739,700	15,799,392,798

SDG	2023	2022	2021
	Total (Rp)	Total (Rp)	Total (Rp)
	-	-	-
	-	800,571,140	211,350,000
	-	367,500,000	789,351,100
	1,184,084,000	1,725,839,800	770,459,408
Legal and Governance Pillar			
	-	-	100,000,000
Total	79,996,188,732	61,986,049,687	47,359,296,666

Highlights of CSR Programs in 2023

Social Pillar

Growing together with the community is one of the company's main goals which is pursued by holding a series of activities that contribute to improving the quality of social, cultural, religious, and social welfare life. This endeavor is in accordance with the achievements of SDG 1, 2, 3, 4 and 5.



BTN Organizes Ramadhan Berfaedah Event

President Director of BTN Nixon LP Napitupulu, along with BTN President Commissioner Chandra M Hamzah, symbolically provides educational assistance to outstanding students of Power Experts (TAD) employees during an event called Ramadan Berfaedah in Jakarta, Wednesday (12/4).

Gerak Srikandi BTN Berbagi

At the event called the Gerakan Amal dan Kreasi (Gerak) Srikandi, the company's President Director, Nixon LP Napitupulu, accompanied by Director of Assets Management Elisabeth Novie Riswanti, distributes packages of 6,000 basic necessities to employees of Power Experts (TAD) and representatives of the community around BTN Tower in Jakarta, Monday (17/4).



Economic Pillar

To achieve quality and sustainable social economic growth, the company implements special programs to increase job opportunities and business opportunities that are expected to grow income and reduce poverty levels in society in accordance with SDG 7, 8, 9, 10, and 17.



Millennial Developer Public Lecture

President Director of the company Nixon LP Napitupulu delivers a Public Lecture before 1,200 BTN Millennial Developer Training participants held at Syiah Kuala University (USK) Auditorium, in Banda Aceh, Friday (13/10/2023). BTN invites students to become property entrepreneurs or developers who have great business potential.

BTN Santri Developer Training

The goal of this training is to provide education about the world of property business to Islamic boarding school alumni assisted by Islamic organization Nahdlatul Ulama. The event is opened with the symbolic giving of CSR assistance in the form of educational facilities and infrastructure by the President Director and the Finance Director of the Company to the Caretakers of Edi Mancoro Islamic Boarding School in Semarang regency, Central Java, Saturday (28/10)



Environmental Pillar

Environmental preservation remains the company's top priority. To that end, the company carries out natural resources and environmental management activities that also aim to improve environmental awareness in society. This endeavor indirectly supports the achievement of SDG 6, 11, 12, 13, 14, and 15.



BTN Revitalizes Parks in Residential Areas

BTN President Director Nixon LP Napitupulu symbolically hands over 1,000 Tabebuaya tree seedlings to the General Chair of the Human Settlement and Housing Development Association (HIMPERRA) and CEO of Delta Group Property Endang Kawidjaja, witnessed by Minister of SOE Erick Thohir during the 10,000 unit BTN House Ownership Credit Mass Agreement ceremony in Puri Delta Tigaraksa Housing, Tangerang, Banten, Tuesday, August 8, 2023.

On that occasion, Minister of SOE, along with the President Director and President Commissioner of the company, Chandra M Hamzah, Acting Governor of Banten Al Muktabar, Director General of Housing of Ministry of Public Works and Public Housing Iwan Suprijanto, Director General of Public Works and Housing Infrastructure Financing of Ministry of Public Works and Public Housing Herry Trisaputra Zuna and the Commissioner of BP Tapera (Public Housing Savings Management Agency) Adi Setianto take part in the tree-planting activity.



The Micro and Small Enterprise Funding Program is another component of the company's CSR Program. With the focus on increasing business competency, this program aims to promote the independence and economic empowerment of assisted micro and small businesses, which can improve the welfare of the people in their communities. The company provides funds through the MSE Funding Program to partners with small scale businesses that need investment and

productive working capital. The fund distribution process is decided based on business sector and geographic area. During the reporting year, the company provided loans amounting to Rp17.21 billion for the MSE Funding Program to 171 fostered partners managed by BTN and to be distributed through cooperation schemes with third parties.

CHINA ASEAN EXPO

To support the government's program to bring MSMEs into the global market, the company contributes actively by facilitating one of its MSME partners Rumah BUMN BTN KC Yogyakarta to attend the China ASEAN EXPO 2023 at the Nanning International Conference and Exhibition on September 16-19, 2023. The event was Indonesia's commitment to trade and investment cooperation with China and ASEAN countries, in line with the results of the agreement at the 7th ASEAN China Summit in October 2003 within the China-ASEAN Free Trade Area (CAFTA) economic trade framework.



Number of Foster Partners (Business Activities) and Funds Disbursed

Note	2023	2022	2021
Number of Foser Partners	170	378	256
Amount of Fund Distribution (Rp million)	9,211	18,386	10,994

*) Excluding the distribution of cooperation schemes with third parties amounting to Rp8 billion

Realization of MSE Funding Program Distribution Based on Business Type [SASB FN-CB-410a.1]

No	Business Sector	2023		2022		2021	
		Amount (Rp million)	%	Amount (Rp million)	%	Amount (Rp million)	%
1	Industry	170	1.85	904	4.92	55	0.50
2	Trade	6,539	71.27	12,706	69.07	7,644	69.53
3	Agriculture	95	1.04	50	0.27	85	0.77
4	Plantation	550	6.00	25	0.14	-	-
5	Animal Husbandry	95	1.04	410	2.23	475	4.32
6	Fishery	100	1.09	108	0.59	70	0.64
7	Service	1,622	17.70	4,184	22.78	2,665	24.24
8	Creative Industry	-	-	-	-	-	-
Total		9,162	100.00	18,386	100.00	10,994	100.00

*) Excluding the distribution of cooperation schemes with third parties amounting to Rp8 billion

Realization of MSE Funding Program Distribution by Region

NO	Region	2023		2022		2021	
		Amount (Rp million)	%	Amount (Rp million)	%	Amount (Rp million)	%
1	Sumatera	935	10.20	3,070	16.72	1,352	12.30
2	Jakarta Capital Special Region	788	8.60	2,576	14.03	1,190	10.83
3	Yogyakarta Special Region	115	1.26	281	1.53	270	2.46
4	West Java and Banten	1,882	20.63	4,595	25.02	2,568	23.36
5	Central Java	1,002	10.94	1,864	10.15	1,050	9.55
6	East Java	980	10.70	2,290	12.47	2,405	21.88
7	Bali	60	0.65	105	0.57	50	0.45
8	East Nusa Tenggara	880	9.60	146	0.79	305	2.77
9	West Nusa Tenggara	525	5.73	313	1.70	160	1.46
10	Kalimantan	780	8.51	1,321	7.19	634	5.77
11	Sulawesi	970	10.59	1,159	6.20	680	6.19
12	Maluku	245	2.67	642	3.50	225	2.05
13	Papua	-	-	25	0.14	105	0.96
Total		9,162	100.00	18,386	100.00	10,994	100.00

*) Excluding the distribution of cooperation schemes with third parties amounting to Rp8 billion

INCLUSIVE AND SUSTAINABLE PRODUCTS

The company supports the government's efforts to increase public access to banking and financial services through its commitment to providing inclusive and sustainable products. The company implements financial literacy and inclusion programs in accordance with recommendations from Bank Indonesia and the Financial Services Authority (OJK) that specifically focus on improving financial services and facilitating access to banking services for wider groups of society. The company also provides various products that can help low-income people.

The following are the company's products that support the financial literacy program:

Inclusive Home Ownership Credit

1. Subsidized BTN Home Ownership Credit

BTN Subsidized Home Ownership Credit is a home ownership program offered by Ministry of Public Works and Public Housing of the Republic of Indonesia for low-income people with low interest rates and low installments for the purchase of landed public houses and public flats.

The following is the distribution value of Subsidized BTN Home Ownership Credit:

Distribution Value (Rp million)		
2023	2022	2021
20,115	19,941	15,149

Following up on Circular of Directorate General of Public Works Infrastructure Financing of Ministry of Public Works and Public Housing of the Republic of Indonesia No. PW.01.03-Dp/07 dated January 6, 2022 regarding Segmentation of Utilization of Housing Financing Liquidity Facilities, Savings-Based Housing Financing Assistance, and Public Housing Savings, the provisions for segmentation of the subsidized Home Ownership Credit process for Fiscal Year 2022 are as follows:

Product Name	Note	Debtor Segmentation	Income Limitations	Provision
Home Ownership Credit for Housing Financing Liquidity Facilities	Housing Financing Liquidity Facility is a support for housing financing liquidity facilities for landed houses or flats for low-income people.	Fixed Income—Non Government Employee	Not married < Rp6,000,000 Married until Rp8,000,000	<ol style="list-style-type: none"> The maximum value of the Home Ownership Credit is the selling price of the landed house or flat minus the down payment prepared by low-income people. Through this program, low-income people are also entitled to receive a down payment assistance subsidy of Rp4 million (for the islands of Java, Sumatra, Kalimantan and Sulawesi) and Rp10 million (for Papua) from the government. The mortgage interest rate paid by the debtor is 5% per annum and includes premiums for life insurance, fire insurance, and credit insurance. The interest rate as referred to in point (1) is fixed during the credit period (fixed rate) using the annual interest calculation method (annuity). The source of funding for the Housing Financing Liquidity Facility program is 75% from the government and 25% from the company. The company collaborates with PT Sarana Multigriya Finansial in providing funding sources for the Housing Financing Liquidity Facility program. The Home Ownership Credit period is agreed upon by the company and the low-income people which is also adjusted to the ability to pay the installments of the prospective debtor or a maximum of twenty years.
Home Ownership Credit - Savings-Based Housing Financing Assistance	Savings-Based Housing Financing Assistance (BP2BT) is a government assistance program provided to low-income people who already have savings in order to fulfill part of the down payment for purchasing a house through credit.	Non-Fixed Income	Not married < Rp6,000,000 Not married up to Rp8,000,000 (Papua and West Papua only)	<ol style="list-style-type: none"> Every low-income person who meets the requirements for the Savings-Based Housing Financing Assistance program receives down payment assistance (Savings-Based Housing Financing Assistance Fund) of a maximum of Rp40 million from the government. The value of the Home Ownership Credit is equal to the selling price of the landed/flat house or the planned cost budget for the self-supporting house minus Savings-Based Housing Financing Assistance Funds and the down payment prepared by low-income people. The interest rate for Home Ownership Loans paid by debtors uses a commercial rate of 10% fixed interest for ten years or 9.5% fixed interest for five years using the graduated payment mortgage calculation method. The funding source for the Savings-Based Housing Financing Assistance program comes 100% from the implementing bank. The Home Ownership Credit period is agreed upon by the company and the low-income people which is also adjusted to the ability to pay the installments of the prospective debtor or a maximum of twenty years.
KPR Tapera (Public Housing Savings)	KPR Tapera is a credit facility provided by the company to Tapera participants among low-income people for the purchase of landed houses or low-cost flats.	Fixed Income—Government Employee	Not married or Married up to Rp8,000,000	<ol style="list-style-type: none"> The maximum value of the Home Ownership Credit is the selling price of the landed house or flat minus the down payment prepared by low-income who have joined as Tapera participants for at least 12 (twelve) months. The mortgage interest rate paid by the debtor is 5% per annum and includes premiums for life insurance, fire insurance, and credit insurance. The interest rate as referred to in point (1) is fixed during the credit period (fixed rate) using the annual interest calculation method (annuity). The source of funding for Tapera KPR comes from Tapera participant contribution savings. The Home Ownership Credit period is agreed upon by the company and the low-income people which is also adjusted to the ability to pay the installments of the prospective debtor or a maximum of thirty years.

Product Name	Note	Debtor Segmentation	Income Limitations	Provision
KPR Tapera	KPR Tapera is a credit facility provided by the company to Tapera participants among low-income people for the renovation of the first house.	<i>Fixed Income—Government Employee</i>	Not married or Married up to Rp8,000,000 Not married or Married up to Rp10,000,000 (Papua and West Papua)	<ol style="list-style-type: none"> 1. Home Ownership Credit distribution is distributed to low-income people who have joined as Tapera participants for at least 12 (twelve) months with a maximum credit of Rp60 million and specifically for Papua and West Papua a maximum of Rp75 million. 2. The interest rate on Home Ownership Loans paid by debtors is 5% per year which is fixed for the term of the credit (fixed rate) using the annual interest calculation method (annuity). 3. The source of funding for KPR Tapera comes from Tapera participant contribution savings. 4. The Home Ownership Credit period is agreed upon by the company and the low-income people which is also adjusted to the ability to pay the installments of the prospective debtor or a maximum of five years.

2. Micro BTN KPR

With a **credit limit of Rp75 million**, Micro Home Ownership Credit can be used to purchase, renovate, and build houses **for low-income people** and informal sector workers who have irregular incomes. **This program includes insurance, loans, and micro savings.**

The Micro Home Ownership Credit Program is the company's initiative for low-income individuals with income between Rp1.8 million and Rp2.8 million per month, who are not included in the group of subsidized Home Ownership Credit recipients. The company offers quite low credit interest of 6.7 percent per year, or Rp900,956 thousand per month, through this program. This program allows debtors to adjust the ceiling so that installments can be made monthly, daily, or weekly according to the debtor's capabilities.

Micro Home Ownership Credit down payments are relatively low at only 1 percent for the purchase of the first home or 10 percent for renovations. Individuals who want to build a house on their private land can also use this Micro Home Ownership Credit program. If an individual has selected land to build on, this scheme will help them complete the land certification process before building.

The company sets several requirements that must be met by prospective Micro Home Ownership Credit debtors, among others:

1. Having an Indonesian citizenship;
2. Being at least 21 years or married;
3. Being 65 years at a maximum;
4. Submitting a copy of savings account statements for the last 3 (three) months;
5. For those who work in the informal sector, having been members of a community, an association, and a cooperative for at least one year.
6. Obtaining a letter of recommendation from the community, an association and a cooperative that oversees it;
7. Having savings at BTN and saving on average per month the amount of BTN Micro KPR installments for a minimum of 3 (three) months; and.
8. Having a good loan history.

As an initial stage, this program is offered to informal sector workers who are members of the Noodle and Meatball Traders Association (Apmiso), Garut Barber Brotherhood, Bluebird Taxi Drivers, and Application-Based Motorcycle Taxi Drivers (Gojek and Grab). Through this program, employees are indirectly encouraged to always set aside a portion of their salary to invest in assets that will be useful in the future.

In the future, this program will also provide the same opportunity for other individuals who work in the informal sector such as fishermen, vegetable traders, and craftsmen to realize their dream of owning their own home.

MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT PROGRAM [FS6][SASB FN-CB-240A.2]

The company provides access to capital to the entire community, in particular to facilitate the development of MSME credit in all viable economic sectors, as well as financing investment and/or working capital to run and develop their businesses. The company also helps MSME customers become more productive, competitive and have a global perspective by providing them with business capital. As a development agent, the company finances MSMEs through: [SASB FN-CB-240a.1]

Micro, Small and Medium Enterprises (KUMKM) Lending

The company Micro, Small, and Medium Enterprises Lending is aimed at customers who have micro and small businesses that can be used to finance working capital and/or investment. BTN Micro, Small, and Medium Enterprises Lending has a maximum ceiling of up to Rp5 billion.

MSME BAZAAR IN SARINAH



In support of participation in the MSME Bazaar for Indonesia, the Company, along with Angkasa Pura 1, was appointed by Ministry of SOE as the organizer of the MSME Bazaar at the Sarinah Building which was held on February 16 - February 19 2023. This event was attended by 81 MSMEs from the fashion, culinary, craft and beauty product categories that presented various mainstay products which became the attraction and characteristics of each region where the MSMEs originate.

The following is The company Micro, Small, and Medium Enterprises Lending distribution portfolio:

Portfolio (Rp million)		
2023	2022	2021
3,431,071	3,505,937	2,415,339

The Company's Micro, Small, and Medium Enterprises Lending Distribution by Economic Sector [FS6][FS7][SASB FN-CB-410a.1]

Economic Sector	Amount of Fund Distribution (Rp million)		
	2023	2022	2021
Agriculture, Hunting, and Forestry	12,700	47,250	7,700
Fishery	-	770	-
Mining and Excavation	360	180	-
Processing Industry	27,809	54,662	16,499
Electricity, Gas and Water	22,063	29,973	25,783
Construction	2,465,069	2,716,379	1,596,449
Wholesale and Retail Trade	582,679	389,701	207,242

Economic Sector	Amount of Fund Distribution (Rp million)		
	2023	2022	2021
Accommodation and F&B	30,175	5,155	8,624
Transportation, Warehousing and Communications	32,381	46,134	7,100
Real Estate, Rental Business, and Corporate Services	85,942	117,216	499,173
Education Services	1,500	1,000	-
Health Services and Social Activities	-	-	-
Community, Social, Cultural, Entertainment and Other Personal Services	124,528	68,761	36,305
Activities With Unclear Scope	45,864	28,756	10,464
Total	3,431,071	3,505,937	2,415,339

Distribution of the Company's Micro, Small, and Medium Enterprises Lending by Province [FS6] [FS7]

Province	Amount of Fund Distribution (Rp million)		
	2023	2022	2021
Nanggroe Aceh Darussalam	-	-	2,040
North Sumatera	110,036	127,769	85,338
West Sumatera	35,333	46,216	35,276
Riau	36,113	61,717	27,698
Jambi	75,955	61,541	48,783
South Sumatera	85,007	97,350	64,859
Bengkulu	28,955	24,406	22,208
Lampung	59,467	45,423	35,737
Riau Islands	42,869	69,414	48,255
Bangka Belitung	29,874	30,899	29,165
Jakarta Capital Special Region	489,751	503,663	397,002
West Java	748,559	757,397	497,667
Central Java	275,130	269,626	197,276
Special Region of Yogyakarta	38,428	38,545	16,601
East Java	411,762	496,018	293,855
Banten	360,785	321,310	187,826
Bali	49,555	58,305	26,154
West Nusa Tenggara	40,670	43,517	44,962
East Nusa Tenggara	29,245	23,048	17,134
North Kalimantan	9,225	3,375	14,960
West Kalimantan	32,507	39,570	18,250
Central Kalimantan	20,087	18,522	10,489
South Kalimantan	77,177	92,267	79,624
East Kalimantan	47,323	51,139	25,779
North Sulawesi	30,546	24,965	17,693
West Sulawesi	10,172	2,137	-
Central Sulawesi	37,041	28,638	18,914
South Sulawesi	132,119	88,959	66,111
Southeast Sulawesi	53,022	30,310	26,330
Gorontalo	12,967	3,696	6,297
Maluku	913	4,290	350
North Maluku	15,206	23,835	35,689
Papua	5,274	18,070	17,019
Total	3,431,071	3,505,978	2,415,339

People's Business Credit (PBR)

Since 2020, the company has supported the government's policies to increase business capital capabilities to accelerate real sector development. In particular, the company pushes for the empowerment of MSMEs through the distribution of micro PBR and small-scale PBR with priority to the construction, housing and supporting sectors. PBR provides lending or working capital financing and/or investment to individual debtors, business entities, or business groups who are productive and viable, or do not have additional collateral.

In 2023, the company provided micro PBR and small-scale PBR to 8,214 debtors with a total ceiling of Rp1.8 trillion. The following is the overall portfolio of PBR distribution:

Portfolio (Rp million)		
2023	2022	2021
1,807,673	599,832	290,949

Distribution of the Company's PBR [FS8]

BTN PBR	2023 Realization		2022 Realization	
	Ceiling (Rp Million)	Debtor	Ceiling (Rp Million)	Debtor
Micro	249,906	3,965	49,974	843
Small-Scale	1,557,767	4,249	549,858	1,598
Total	1,807,673	8,214	599,832	2,441

Distribution of People's Business Credit by Economic Sector [FS6][FS7][SASB FN-CB-410a.1]

Economic Sector	Amount Distributed					
	2023		2022		2021	
	Ceiling (Rp million)	Debtor	Ceiling (Rp million)	Debtor	Ceiling (Rp million)	Debtor
Agriculture, Hunting, and Forestry	39,298	118	9,706	42	3,145	19
Fishery	6,560	36	3,370	18	1,003	10
Mining and Excavation	-	-	1	-	1,000	2
Processing Industry	37,124	204	17,465	76	5,333	22
Electricity, Gas and Water	6,100	37	2,469	12	1,775	9
Construction	511,569	1,097	167,151	372	104,752	235
Wholesale and Retail Trade	811,480	4,592	271,605	1,307	105,106	476
Accommodation and F&B	147,147	926	40,193	197	14,595	58
Transportation, Warehousing and Communications	17,862	64	8,500	27	3,630	12
Real Estate, Rental Business, and Corporate Services	30,976	123	14,970	53	3,987	13
Financial Intermediaries	-	-	-	-	-	-
Education Services	4,750	26	1,040	3	-	-
Health Services and Social Activities	-	-	-	-	-	-
Community, Social, Cultural, Entertainment and Other Personal Services	112,124	586	40,717	210	30,785	121
International Agencies and Other Extra International Agencies	-	-	-	-	-	-
Individual Services Serving Households	-	-	-	-	-	-
Activities With Unclear Scope	81,284	402	22,297	123	15,839	94
Total	1,807,673	8,214	599,832	2,441	290,949	1,071

Distribution of People's Business Credit by Province [FS6][FS7]

Province	Amount Distributed					
	2023		2022		2021	
	Ceiling (Rp million)	Debtor	Ceiling (Rp million)	Debtor	Ceiling (Rp million)	Debtor
Bali	26,200	141	7,820	34	2,490	8
Bangka Belitung	26,387	80	7,125	27	3,900	8
Banten	147,576	907	53,622	284	30,331	147
Bengkulu	19,293	67	9,630	27	3,360	14
Special Region of Yogyakarta	31,116	176	8,657	45	4,765	31
Jakarta Capital Special Region	165,798	921	70,480	277	48,593	149
Gorontalo	11,416	92	3,130	30	855	4
Jambi	53,880	114	13,910	30	7,056	18
West Java	422,064	1,879	120,645	462	57,650	187
Central Java	148,096	731	50,736	277	20,860	98
East Java	230,475	1,093	66,665	268	19,499	93
West Kalimantan	19,649	56	8,120	19	755	4
South Kalimantan	53,781	164	13,286	52	8,535	33
Central Kalimantan	9,526	46	5,475	15	2,432	8
East Kalimantan	17,364	110	12,198	50	5,583	22
North Kalimantan	9,690	82	5,630	38	2,650	17
Riau Islands	36,322	133	11,130	48	4,760	17
Lampung	17,775	110	7,724	25	4,145	10
Maluku	13,023	78	6,342	61	2,037	13
North Maluku	12,610	85	8,008	27	3,206	25
Nanggroe Aceh Darussalam	-	-	-	-	-	-
West Nusa Tenggara	16,180	78	6,855	36	7,380	26
East Nusa Tenggara	8,796	42	8,565	29	4,338	13
Papua	16,212	121	4,275	28	350	1
Riau	63,280	130	12,250	26	8,360	19
West Sulawesi	14,066	52	2,601	7	-	-
South Sulawesi	40,980	217	20,000	55	8,185	23
Central Sulawesi	11,860	38	7,250	24	6,405	17
Southeast Sulawesi	15,500	44	4,515	14	2,000	4
North Sulawesi	9,349	56	2,725	11	1,640	8
West Sumatera	21,860	55	8,461	27	3,830	17
South Sumatera	40,980	109	15,408	34	9,250	20
North Sumatera	63,641	207	16,595	54	5,750	17
Total	1,807,673	8,214	599,832	2,441	290,949	1,071

Micro and Small Business Funding Program

Micro and Small Business Funding Program is a financing credit offered by the company for small businesses that do not meet banking requirements (non-bankable). This product is offered to help increase the capacity and independence of small business actors.

The MSE Funding Program distribution portfolio for the last three years is as follows:

Portfolio (Rp million)		
2023	2022	2021
17,206	18,386	10,994

BTN Lending Linkage

BTN Linkage Credit is a financing credit facility provided by the company specifically to linkage institutions (People's Credit Agency [BPR] or cooperatives) to be lent to micro, small and medium enterprises (MSMEs) who do not meet banking requirements but have productive businesses and meet the MSME criteria.

BTN Linkage Credit distribution portfolio for the last three years is as follows:

Portfolio (Rp million)		
2023	2022	2021
2,128	35,650	99,833

The company also has several financial inclusion products under the sharia business unit as follows:

Products	Description	Target	Portfolio (Rp million)		
			2023	2022	2021
Tabungan Ku iB	Savings product with a wadi'ah (deposit) agreement and attractive bonuses. This product is issued jointly by banks in Indonesia to foster a culture of saving and improve people's welfare.	General Public	13,532	10,451	7,321
BTN Sempel iB Saving	A special savings product for students under 17 years of age who do not yet have an ID card with a very light initial deposit and attractive bonuses.	Students under 17 years of age	6,489	4,738	3,188

BTN Agent [FS16]

BTN Agent is present as the company's support for the Officeless Financial Services program within Financial Inclusion (Laku Pandai) launched by the Financial Service Authority. This mission is also in line with the Indonesian government's goals set out in the National Strategy for Financial Inclusion (NSFI) in June 2012. It is also hoped that expanding access to formal financial services will protect the public from burdensome lending practices.

The BTN Agent Laku Pandai service is aimed at people who do not have access to financial services or are not familiar with banks (unbanked) to learn about banking and its products. This service can help people in remote areas, both old and new customers so that they can reach various banking transaction needs. BTN Agent provide convenience because banking transactions can be done anytime and anywhere, whether opening a savings account, paying bills, cash deposits, cash withdrawals, transfers, balance info, mini statements, changing PINs, and purchases. Through BTN Agent, the company also encourages community empowerment within the banking business by providing business opportunities for people to become agents.

The general requirements to become a BTN Agent are:

1. Registration can be done through the nearest BTN branch office and sub-branch office;
2. Becoming a BTN customer to accommodate deposits, pay commissions, and fees;
3. Having a business that has been running for at least one year;

4. Having valid business permits (at least a certificate from the local neighboring units);
5. Not being included in the national blacklist at Bank Indonesia; and
6. Passed due diligence by the organizing bank

Until 2023, **there were 2,255 BTN agents** spread throughout **Indonesia**.

FINANCIAL LITERACY PROGRAM [FS16]

BTN continues to take steps to increase public knowledge about finance. This effort aims to anticipate less effective financial management by individuals and groups due to a lack of knowledge about finance. Ineffective financial management has the potential to lead to inappropriate use of products and services, especially for people in remote areas with low economic conditions and difficult access to financial resources.

Against this backdrop, the company seeks to provide education to this group to enhance customer financial knowledge. Increasing customers' ability to use more sophisticated products and services will also contribute to increasing the number of users of the company's products and services.

In 2023, Simpanan Pelajar (SimPel) was one of the products with the best usage performance. SimPel is a student savings account with easy account opening and transaction requirements, with the aim of increasing financial knowledge and awareness of saving as well as the inclusion of school-age children in banking services.

Proportion of Account Ownership [SASB FN-CB-240a.4]

Note	2023	2022
Total savings product accounts	7,099,737	7,284,386
SimPel Account		
Total Account	795,592	743,308
Percentage of total account	11.20%	10.20%





07

Excellent Service for Customers

As a bank with core business products in the housing sector, the company strives to promote a housing finance ecosystem that applies sustainability principles. The company realizes that green mortgages are a strategic first step in achieving this goal. To accelerate this transformation, the company has established a close partnership with the Green Building Council Indonesia. This collaboration not only helps expand the understanding of sustainability practices among employees, but also enhances their capabilities, especially in the context of green buildings. With these steps, the company aims to not only be a leader in the housing sector, but also be at the forefront of efforts to realize sustainable positive impacts in the environmental and social fields

ESG-BASED FINANCING AND INVESTMENT PRODUCTS

The company is aware of the ever-growing stakeholders' expectations, especially in meeting sustainable finance. To that end, the company strategically integrates ESG considerations into its investment decisions and transactions. By implementing this policy, the company can get financial benefits, while also contributing positively to the social and environmental context in each of its operational areas. A number of ESG-based products that the company has innovated include:

ESG-Based Products

1. The company has an ESG-based Green Bond Portfolio in 2023, including:
 - Sukuk Green Bonds (INDOIS) 06/23/50
 - Sukuk Green Bonds (INDOIS) 08/20/24
2. The company as a mutual fund sales agent has collaborated with investment manager Batavia Properindo Asset Management in selling mutual fund products with an ESG theme, one of which is Batavia Global ESG Sharia Equity USD.



Subsidized Home Ownership Credit-Social Product Outstanding



The company remains committed to providing adequate housing for the community. As an embodiment of this commitment, two BTN subsidized Home Ownership Credit products, namely Home Ownership Credit of Housing Financing Liquidity Facility and Tapera Home Ownership Credit, have distributed subsidized housing financing for up to 878,727 units with a value of Rp25.6 trillion in 2023. Among this figure, subsidized financing of 92,448 units worth Rp13 trillion was absorbed by the millennial group that increases every year.

CSR Program-Social Product Outstanding

In 2023, the company distributed micro and small business funding worth Rp17.21 billion to 171 fostered partners in the trade, fishery, plantation, agriculture, and livestock services sectors, and distributed through cooperation schemes with third parties. The company's investment in the CSR program reached Rp79.99 billion.



Wholesale Funding and Lending

The company continues to remain committed to expanding access to affordable housing financing for the community, especially from the middle to lower income group. Through private sector investment and financing, the company, along with the Japan International Cooperation Agency (JICA), signed a loan agreement of 7 billion yen. In addition, the company, along with 45 banks, participated in providing a Sustainability-Linked Syndicated Term Loan Facility for infrastructure development.

The company has also provided lending worth Rp3.36 trillion in the form of construction lending, investment lending, working capital lending, corporate lending, and short-term lending on the basis of corporate credit distribution. Several examples of lending distribution that have been carried out by the company are as follows:



1. Distribution of corporate lending to support the operational needs of the biological natural resources management sector and sustainable land use.



2. Distribution of corporate lending to support renewable energy development projects in the form of solar power plants.



3. The distribution of corporate credit to support the acceleration of infrastructure development in the non-coal electricity sector and its derivatives.



4. Distribution of corporate lending to support drinking water supply system (SPAM) projects.

MSMEs Loan Outstanding

SME lending distribution in the production and non-production sectors reached Rp4.16 trillion with 13,128 debtors throughout the reporting period. Sectors financed by the company include agriculture, fisheries, forestry, processing industry, electricity, water and gas, construction, trade, real estate, educational services, health services and social activities, community services, social culture, entertainment, and other individual businesses.



Electric Vehicle Loan Disbursement

The disbursement of electric vehicle loans facilitates the public in owning electric vehicles with low installments, unconditional discounts, 0% down payment, long tenures, as well as no commission and administrative fees. In 2023, the Company facilitated financing for electric vehicle purchases, amounting to 18 units totaling Rp334,100,000.



Customer Data Security

The company has information technology (IT) governance that regulates the implementation of information technology starting from management, planning, development, infrastructure operations, and security of information technology systems. The company has carried out regular reviews of this governance by including it in the general IT, data, and digital management policy. This policy regulates IT governance at a high level.

Furthermore, there are special policies—derivatives of general policies—that regulate technical matters and technical instructions that regulate matters in more detail than special policies. At least, the company has 5 (five) specific policies related to IT and 2 (two) technical instructions that have been reviewed in 2023 and have been adapted to the company's policy and procedure architecture, namely:

1. KK5-A Special Policy on IT Standard Operational Procedures;
2. KK5-B Special Policy on IT Security;
3. KK5-D Special Policy on IT Standardization;
4. KK8-E Special Policy on IT, Digital & Cyber Risk Management Procedures;
5. KK9-D Special Policy on Board of Directors Committee Governance Procedures;
6. PT.5-A.1 Technical Instructions on IT Standard Operational Procedures; and
7. PT.5-D.1 Technical Instructions on IT Standardization.

The company considers the implementation of information technology important to support business operations. Taking into account that IT implementation policies have a broad scope, the company categorizes IT implementation into three domains, namely "Change the Bank" which plays a role in planning and developing IT systems, "Run The Bank" to carry out IT operations and ensure the reliability of infrastructure and systems used by the Company and customers, and "Secure the Bank" which plays a role in maintaining the security of the company's systems and applications so that they are safe and under control from IT security attacks. [GRI 3-3]

Along with the development of information technology and the increasing need for digitalization which makes it easier for customers to carry out banking transactions, one of the biggest challenges arises in the "secure the bank" domain. The company has an initiative to improve security of digitizing services by mitigating against cyber-attacks. Digitalization of services is vulnerable to cyberattacks by shifting customer service preferences from conventional channels (branch/onsite) to digital channels. The company is aware of this and continues to adapt in implementing digital services based on the security of three main pillars, including:

1. People

- a. The company has regularly provided education and increased digital security awareness to all employees, customers and third parties who collaborate with the company. Various media are used to convey education about security awareness, such as social media, email, podcasts and desktop wallpapers on employee work devices.
- b. The company always improves professionalism and competence of employees as customer partners with various cyber security training and certification.

2. Process

The company has a Security Operation Center (SOC), which monitors information security to detect cyber-attacks and handle incidents. The company has also established a Computer Security Incident Response Team (CSIRT) function to respond to cyber incidents and implement incident recovery strategies. In performing the SOC and CSIRT functions, the company has used the latest technology such as Security Incident and Event Management (SIEM), Cyber Threat Intelligence, and other technologies, as well as collaborating with regulators to strengthen these functions. In increasing customer and stakeholder confidence in maintaining information security, the company has succeeded in obtaining ISO 27001:2013 Information Security Management System Certification on July 11, 2023.

3. Technology

The company has implemented the latest security technology such as security monitoring tools, endpoint security, application security, cloud-based security, data loss prevention (DLP), next generation firewall (NGFW), patching and hardening automation, as well as secure customer data encryption. The company has also carried out technology security testing through penetration testing and vulnerability assessments periodically at least once per year.

In maintaining customer privacy and security, the company considers two main principles. First, all customer data obtained from the service process contains confidential information. Second, technological advances increase the use of data through applications that increase cybercrime potentials. To prevent data leaks, the company has developed an internal storage system that is strictly protected. In addition to providing a security system, the company is also committed that there will be no use of data outside the customer's consent or the prevailing law. [OJK F.27]

The IT Risk Management Department is responsible for ensuring the security of customer data with a focus on managing information technology (IT), as well as digital and cyber risks. This department ensures the provision of safe and reliable technology services by managing risk management for every technology solution developed by the company.

The company's commitment to the privacy and security of customer data is also a form of compliance with the following regulations: [\[GRI 418-1\]](#)

1. Law No. 10 of 1998 on Amendment to Law No. 7 of 1992 on Banking;
2. Regulation of the Financial Service Authority Number 1/POJK.07/2013 on Consumer Protection in the Financial Services Sector;
3. Circular of the Financial Service Authority No. 14/SEOJK.07/2014 on Confidentiality and Security of Consumer Data and/or Personal Information;
4. Regulation of Bank Indonesia No. 2/19/PBI/2000 on Requirements and Procedures for Granting Bank Confidential Written Orders or Permits Regarding Customer Confidentiality.
5. Law No. 27 of 2022 on Personal Data Protection;
6. Special Policy No. KK.9-M Dated 28 February 2023 on Data Governance Guidelines; and
7. Special Policy No. KK.9-Z Dated 31 August 2023 on Customer and Community Protection.

By considering the regulations above, the company has issued Special Policy on Information Technology Security No. KK.5-B Dated 28 June 2022. SP.5-B Dated 28 June 2022. This policy describes a number of aspects to ensure that all information continues to meet the principles of confidentiality, integrity and availability in an effective and efficient manner to ensure business success. The company hopes that this policy will be able to enhance data protection efforts needed to maintain smooth operations and create better, safer, smoother, and audited operational activities to maintain the company's reputation. [\[SASB FN-CB-230a.2\]](#)


The company also makes additional efforts to protect customer data. This includes training users on IT security, installing software that has been authorized (approved) and updated regularly, and implementing password management or standardization to ensure that protected data remains secure. In addition, regulation evaluation is carried out to ensure that the company's data security architecture is adequate and effective in protecting customer data. The effectiveness and the success of this effort is proven by zero complaints regarding customer data security violations such as loss, theft, and dissemination of customer data throughout 2023. [\[GRI 418-1\]](#) [\[SASB FN-CB-230a.2, FN-CB-230a.1\]](#)

In 2023, the company provided training to improve employee abilities and capabilities related to data privacy and cyber security, such as:

Name of Training	Date
Leadership Training	September 9, 2023
Digital Leadership	February 27, 2023
Indonesia Privacy and Security Summi	October 24-25, 2023
Certified Ethical Hacker (CEH)	September 11-15, 2023
Comp Tia Security+	October 2-6, 2023
Certified in the Governance of Enterprise IT (CGEIT)	October 2-5, 2023
Linux System Administrator Cisco CCNA	October 23-26, 2023
Cisco CCNA Basic Penetration Testing	October 30-31, 2023
E-learning security awareness in Dreams	August 1-7, 2023

INCREASING AWARENESS AND CAPABILITY IN PROTECTING CUSTOMER PRIVACY

To boost capacity and protect customer privacy, the company has launched initiatives that include education and capability development related to data privacy awareness, security awareness and crime prevention, cyber security, enterprise risk management, and implementation of risk management. These steps aim not only to empower individuals to protect customer privacy, but also to ensure security and continuity of company operations in facing increasingly complex security and risk challenges in this digital era.



31 people
Data privacy awareness



41 people
Security awareness & crime prevention, enterprise risk management, and cyber security



68 people
Risk management application

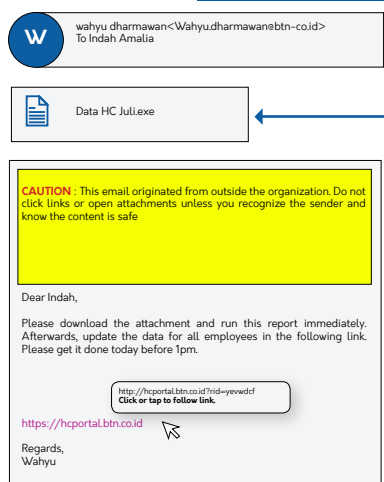
Several program initiatives carried out by the company as a form of awareness of information technology security are as follows:

Recognize the Potentials for Data Theft via Email (Phishing Email)

Email is one of the official media for exchanging data and information. Therefore, using a secure work email is crucial to maintain the confidentiality of the company's information and privacy.

**Remember!
Recognize the signs!**

Recognize the potential for phishing emails



- Check the sender's email address.
- Be cautious when downloading attachments.
- A warning appears indicating that the email was sent from outside BTN.
- Urgent messages to make you panic.
- Hover your mouse cursor over the link before opening it.

Phishing Attacks



Humans are the weakest part in the information system security chain

Definition

- Phishing attack is a cyber-attack carried out by people or groups by deceiving victims to steal or collect important information. Information that is often targeted includes account names (usernames) and keywords (passwords), credit card numbers and PINs, telephone numbers and addresses.
- It is done using internet or mobile telecommunications media such as email, messages (chat) and SMS.
- Important information that is stolen is used to gain profit.

Impact

- Loss of reputation and customer trust
- Loss of income and business opportunities
- Loss of data, credentials, and important information
- Disruption of operational activities
- Lawsuits and fines
- Oversight from regulators

Safe Use of Email

Use work email only for work matters.

Pay attention to the warning in the yellow box that informs you that the email was sent from an address outside the BTN Bank domain (@btn.co.id).

Check and validate the sender's email address carefully and ensure that it comes from the person you expect.

Be careful when downloading attachments and hover your mouse over the link to confirm the link address.

Make sure to lock all outgoing attachments and send keywords with separate media and email.

Think critically, do not panic, and stay calm if there is an urgent message.

Do not share personal and company information with parties who do not comply with their authority.

Do not reply or forward the email to anyone. Immediately delete the email.

If you have already clicked on the link and sent data, immediately report it to gsoc@btn.co.id.

STOP AND THINK BEFORE YOU CLICK AND SHARE THE INFORMATION!

If you find anything suspicious, immediately report it to the IT Security Division at gsoc@btn.co.id.

In addition to the awareness program carried out, the company also identifies data security risks through:

1. Policy in record security management;
2. Retention of sensitive information;
3. Identification of important notes;
4. Storage of important notes;
5. Storage of business source documents;
6. Storage of application transaction data;
7. Destruction of information;
8. Storage of sensitive information; and
9. Storage of breach information and security issues

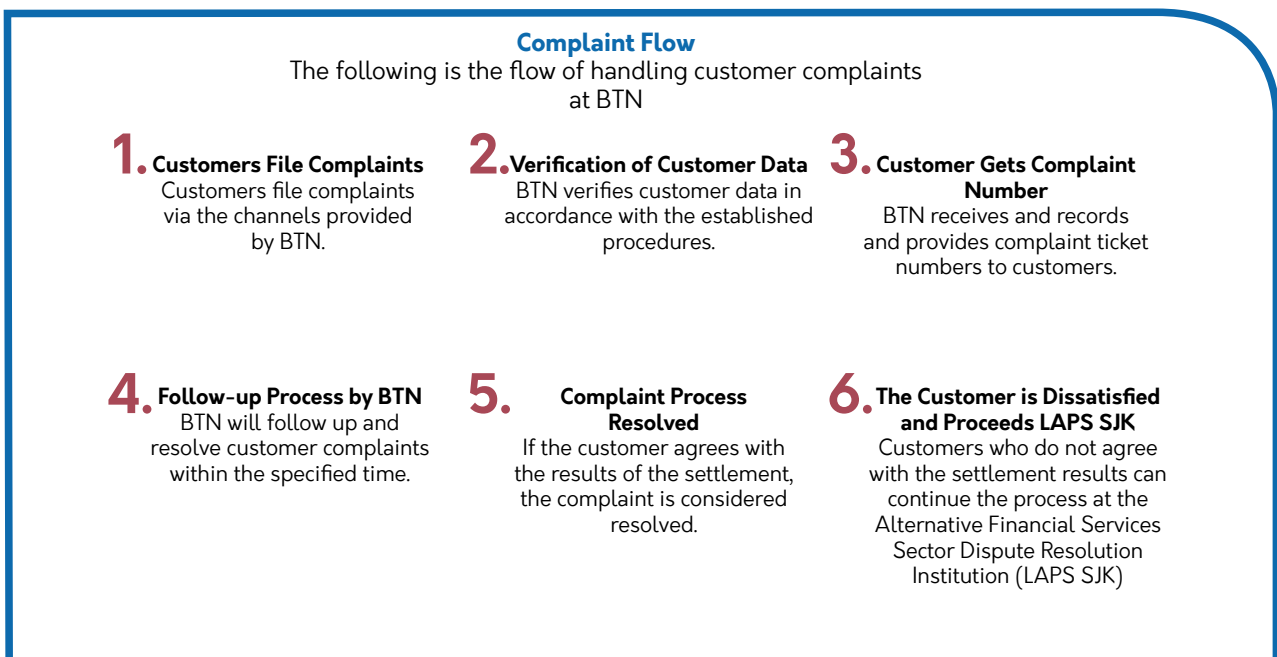
As a form of compliance, the company maintains the confidentiality and security of personal information through:

1. Retention of Personal Information
Retention of Personal Information at the bank should be deleted when the information is no longer necessary to carry out business functions and is no longer required to fulfill legal or regulatory requirements.
2. Disclosure of Personal Data
Personal data can only be provided to other parties if there is authorization/approval from the data owner or upon orders from an authorized official in accordance with the provisions of the prevailing laws and regulations. Disclosure of personal data by the company can only be carried out in accordance with the prevailing laws and regulations.

Customer Complaints Mechanism

The company realizes that resolving consumer complaints quickly and accurately is part of service excellence. To that end, the Company has established Special Policy No. KK.9-K Dated 29 November 2022 on Customer Complaints. Guided by these regulations, the company opens customer complaint channels in all bank work units. Customers can access it anytime and anywhere, regardless of the office where the customer first registered. Customer complaints in verbal and written form can be submitted through various media channels, including:

A.	B.	C.
Complaints can be submitted directly to BTN through regional offices, branch offices, sub-branch offices, divisions at the head office and board of directors.	Complaints via the Contact Center at telephone number 150286 or 1500286 and BTN email: btncontactcenter@btn.co.id (Complaints outside this, namely via Live Chat, electronic media/social media; will be directed via BTN email or contact center).	Complaints through the Financial Services Authority, Bank Indonesia and other institutions.



Customer Complaint Data

Complaint Category	Number of Complaints	2023				Number of Complaints	2022			
		Completed		In Process			Completed		In Process	
		Total	%	Total	%		Total	%	Total	%
Data Collection	318	302	94.97	16	5.03	93	93	100,00	-	0.00
Data Distribution	224	221	98.66	3	1.34	184	184	100,00	-	0.00
Cooperation Product	812	666	82.02	146	17.98	5	4	80,00	1	20.00
Payment System	61,262	59,948	97.86	1,314	2.14	51,804	51,770	99.93	34	0.07
Total	62,616	61,137	97.64	1,479	2.36	52,530	52,481	99.91	49	0.09

Note:

- Fund Collection Category: savings, deposits, current accounts, etc.
- Fund Distribution Category: subsidized lending, non-subsidized lending, working capital lending, etc.
- Collaboration Product Category: bancassurance, mutual funds, ORI, etc
- Other Product Category: officer services, bank guarantees, facility provision, etc.
- Payment System Category: ATM, mobile banking, internet banking, etc.

Customer and Community Protection

The company has Special Policy No.KK.9-Z dated 31 August 2023 on Customer and Community Protection. The company protects customers and the public by providing clear and transparent information on the products and/or services offered, including the consequences and risks that will be received if customers and the public use or utilize the company's products and/or services. With this policy, customers and the public can be protected from financial losses and legal aspects in every use of the company's products and/or services.

To protect customers and the public, the company has several basic principles that it implements, including:

1. Adequate education;
2. Openness and transparency of information;
3. Fair treatment and responsible business conduct;
4. Protection of assets, privacy, and customer data;
5. Effective and efficient complaint handling and dispute resolution; and
6. Healthy competition.

The product and/or service life cycle (product life cycle) issued by the company to customers and the public considers the following aspects:

1. Equality of access to every customer;
2. Special services to people with disabilities and the elderly;

3. Protection of customer assets;
4. Protection of customer data and/or information;
5. Information on handling and resolving complaints submitted by customers; and
6. Mechanism for using customer data and/or personal information.

In carrying out responsible product and/or service marketing, the company takes the following steps:

1. Refraining from offering products and/or services that are detrimental or have the potential to harm customers;
2. Paying attention to the suitability between customer needs and capabilities and the products and/or services offered;
3. Refraining from using personal communication facilities for products offered without the customer's consent;
4. Discontinuing the offer if the customer withdraws consent through personal communication means;
5. Regularly updating the communication facilities used so that they are always accessible; and
6. Refraining from offering products and/or services that are bundling and incur costs without the customer's knowledge or without providing information to the customer.

Personal Data Protection

Personal data protection is the practice of managing personal data by implementing an appropriate level of protection to maintain data security, prioritizing transparency in the management of personal data, and clearly establishing the company's obligations that must be carried out and the rights that personal data subjects have. This practice has been implemented by the company to increase customer trust and to maintain compliance with Law No. 27 of 2022 on Personal Data Protection.

The company has a Personal Data Protection Officer who is in the Compliance Work Unit, which is responsible for managing personal data protection governance and ensuring compliance with personal data protection in accordance with the prevailing regulations.

The company's personal data protection and management practices are stated in policies related to personal data management that include data collection, use, sharing and retention. The following is a list of the policy documents in question:

- Special Policy KK 9-Z on Customer and Community Protection, Chapter III, Letter E regarding Personal Data Protection.
- Special Policy KK 5-B on Information Security.
- Special Policy KK 9-J regarding Archival Management Procedures.
- Technical Instructions PT 9-J1 on Technical Instructions on the Implementation of Archives Management.

In performing the company's obligations as the party that manages personal data, the company has carried out the following:

1. **Commitment to collect and process user data limited to stated purposes:** The company prioritizes the concept of "data minimization" to collect and process personal data and sets out the purposes of the processing in written form as one of the supporting information that needs to be approved by the subject of personal data. This is stated in Special Policy KK 9-Z on Customer and Community Protection, Chapter III, Letter E regarding Personal Data Protection.

2. **Commitment to implementing leading data protection standards:** The company has implemented a data protection mechanism in accordance with the data protection standards contained in Special Policy KK 5-B on Information Security. The company has also adopted information security standards in accordance with ISO 27001.
3. **Commitment to notifying data subjects in a timely manner in the event of policy changes or data breaches:** The company has a policy to provide notifications to customers regarding changes to provisions and/or data leaks, which are regulated in Special Policy KK 9-Z on Customer and Community Protection, Chapter III, Letter E regarding Personal Data Protection and ITSD cyber incident handling Playbook.
4. **Commitment to obtaining user data through lawful and transparent means with explicit consent from the data subject where necessary:** The company has a commitment related to legally valid and transparent Data processing as regulated in Special Policy KK 9-Z on Customer and Community Protection, Chapter III, Letter E regarding Personal Data Protection, and has implemented an explicit consent collection process from personal data subjects, both individuals and corporations, for the purposes of managing data that has been submitted to the data subject, including for activities carried out by third parties.
5. **Commitment to requiring third parties with whom we share data to comply with the company's policies:** In collaborating with third parties, the company has implemented third party risk management and has security standards that need to be possessed by the third parties, in which these standards are in accordance with the company's provisions as stated in Special Policy KK 5-B on Information Security.

Customers as personal data subjects have the following rights:

1. Obtaining information about clarity of identity, basis of legal interest, purpose of request and use of personal data, and accountability of the party requesting personal data;
2. Complete, update, and/or correct errors and/or inaccuracies in personal data about him/her in accordance with the purposes of processing personal data;
3. Gaining access and obtaining a copy of personal data about himself in accordance with the provisions of laws and regulations;
4. Ending processing, deleting and/or destroying personal data about him/her in accordance with the prevailing provisions;
5. Withdrawing consent to the processing of personal data about him/her that has been given to the bank;
6. Raising objections to decision-making actions that are only based on automatic processing, including profiling, which give rise to legal consequences or have a significant impact on the customer;
7. Complaining and receiving compensation for violations of the processing of personal data about him in accordance with the provisions of laws and regulations
8. Using and sending personal data about himself to other banks, as long as the systems used can communicate with each other securely in accordance with the principles of personal data protection based on Law on Personal Data Protection.

The company has channels to handle customer concerns related to the rights of personal data subjects, namely through BTN Mobile Banking, BTN Call (contact center) and customer service at the company's outlets. The following is division of channels related to the rights of personal data subjects:

- The Obtaining information related to customer personal data can be done by using BTN Mobile Banking and customer service;
- Making changes and corrections to customer personal data can be done by going through customer service; and
- Stopping data processing and delete the data, one can do it through customer service.

To increase awareness of the importance of personal data protection, the company has conducted regular training for all employees through:

- The company's internal learning portal, which was held in July 2023.
- Sessions on internalization of personal data protection provisions, which was held on December 7, 2023.

On top of that, the company has also initiated an assessment of the implementation of personal data protection on a regular basis which is carried out internally by the company with the assistance of a third party that is appointed. During the reporting year, the company's Internal Audit Work Unit carried out audits of system and application security aspects through mandatory or thematic IT audit activities according to planning in the Annual Audit Plan.

There was no leakage of customer data or leakage of customer personal information during the reporting period, which is proof of the company's commitment to maintaining privacy and protection of customer data. Apart from that, there were no similar complaints from the authorities or from those responsible for the banking industry. **[GRI 418-1]**

Customer Satisfaction

Customer satisfaction is one of the priority aspects for the company. From year to year, the company always strives to increase customer satisfaction by providing the best and most equal products and services to all customers. The company has established the best policies and service standards that are expected to maintain and further increase customer trust. [OJK F.17]

Several steps the company takes to achieve customer satisfaction include:

1. Offering products and services in accordance with the established quality standards;
2. Providing the best service to all customers and following up on every customer complaint fairly without discrimination;
3. Promoting services that are healthy, fair, honest, not misleading, and generally accepted by norms in society;
4. Implementing fair trade in accordance with the company's policies, including: [FS15]
 - a. Special Policy No. 2-L dated October 3, 2023, concerning Retail Funding Service Services;
 - b. Technical Instructions PT.2-C.1 Dated 26 July 2022 concerning Foreign Exchange Transfer Service Tariffs; and
5. Ensuring that all employees support the company in its efforts to achieve customer satisfaction and trust.

Just as in providing information about the existing products and services, the company also provides clear information about new products and innovations, enabling customers to make choices with a sense of security. Information related to products and services provided to customers such as names and types, main features, benefits, risks, procedures, costs, and other relevant information. Additionally, marketing communications have adhered to the regulations applicable to each promoted product and service. Therefore, during the reporting year, there were no negative impacts on the products and services issued by the Company, and as a result, there are no records of products and services being withdrawn or canceled for any reason. Additionally, there were no incidents of non-compliance related to product information and labeling. Furthermore, there were no reports of violations related to the Company's marketing communications during the year 2023. [GRI 3-3, 417-1, 417-2, 417-3] [OJK F.27, F.28, F.29]

The company also provides customer education programs through product and service outreach, including:

a. **BTN Zone**

Spread across many universities, BTN Zone is a system and service that is integrated with the company's digital solution concept to improve the comfort and ease of digital transactions. Educational activities are carried out by providing internet access to students, introducing and studying the company's banking products, and providing training on technology. Several universities that have been covered by BTN Zone include Diponegoro University, Syiah Kuala University, Jenderal Soedirman University, Yogyakarta State University, and Bandung Institute of Technology.

b. **The Company's Digital App**

This app, which can be downloaded by customers via Google Play and the App Store (Apple), aims to make credit card payments, insurance, transfers, and e-commerce bill payments easier and also to function as recharging virtual payment services such as GoPay and GrabPay.

The company's efforts to maintain and increase customer satisfaction have brought satisfactory results. In 2023, the company managed to receive various awards from external parties.

The efforts made by the Company to enhance customer satisfaction have yielded satisfactory results. This achievement can be seen through various assessments from external parties. Some of the achievements include: [OJK F.30]

1. KPR BTN - *Gold Champion*
2. Performa Terbaik *Mobile Banking 2022-2023*
3. *The Best Mortgage Innovation*
4. *The 2nd Highest Digital Index - Sharia Business Unit Mortgage Loan*
5. *The Best Bank Saving Account (KBMI)* 6. *The 3rd Best Mobile Banking Conventional Bank (KBMI)* 3
7. *Best Campaign - Banking & Finance*

DIGITALIZATION PRODUCT AND SERVICE INNOVATION [OJK F.26]



In 2023, the company launched BTN Mobile super app. This SuperApp is an improvement on the previous mobile banking service. BTN Mobile is present as an integrated app that offers various service features in one app. BTN Mobile is connected to the BTN Bank ecosystem so users can access various other digital solutions such as BTN Properti, virtual branches, e-mitra and inexpensive homes.

By simply using one device, customers can easily carry out various banking services directly, anytime, anywhere.

Features available in BTN Mobile include:

- QRIS BTN Mobile;
- Cardless account;
- *Auto Debit System*;
- *Auto Transfer*;
- *Opening Account*; and
- BTN KITA (appropriate digital credit).

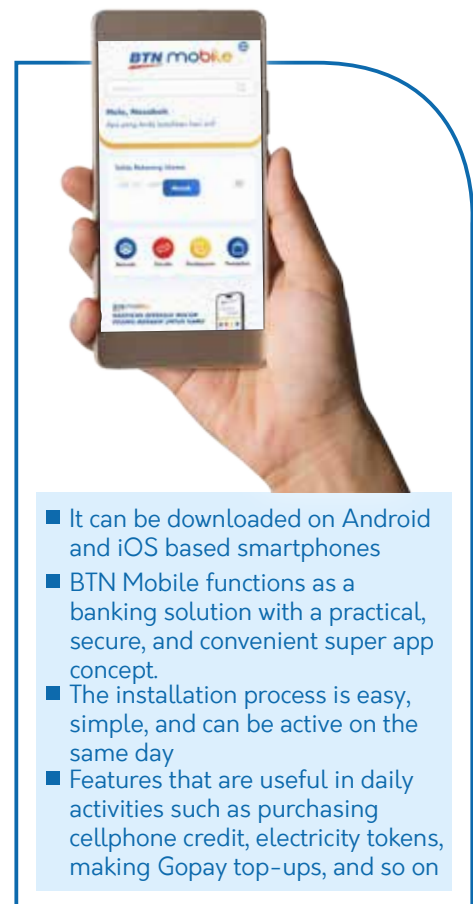
Transactions Using BTN Mobile

Note	Unit	2023	2022
Number of Transactions (Financial and Non-financial)	Transaction	414,881,411	174,393,454
Transaction Nominal	Rp million	57,542,089	37,323,436
Registered User	User	2,690,546	2,231,320
Number of Acquisition	Acquisition	1,138,653	796,798

Transaction Using QRIS

Note	Unit	2023**	2022***
Number of Merchants	Persons	15,602	43,324
Number of Transactions*	Transaction	4,133,130	492,509
Amount of Transactions	Rp million	355,612	36,238

* The QRIS transactions presented include QRIS issuers and acquirers.
 ** Only from the company's QRIS transactions.
 *** Comprising the company's QRIS transactions and LinkAja's QRIS transactions.



- It can be downloaded on Android and iOS based smartphones
- BTN Mobile functions as a banking solution with a practical, secure, and convenient super app concept.
- The installation process is easy, simple, and can be active on the same day
- Features that are useful in daily activities such as purchasing cellphone credit, electricity tokens, making Gopay top-ups, and so on



It is a platform to connect residents and managers in the process of paying bills, fees, exchanging information, and even complaints or concerns.



Web-Based

For Residence Admin/Management Manager



Mobile Based (Android and iOS)

For Residents/End Users

Benefits of BTN Smart Residence include

Benefits for Residence Managers

Easy

Facilitating the process of reconciling bills managed by managers .

Profitable

Economic benefits for residence developers/managers .

Communication Channel

Conveying information or news updates related to the residence

Benefits for Residents

Practical bill payments

Bill payment transactions can be done anytime and anywhere.

Media for submitting complaints

Filing complaints to the residence manager quickly.

Paying housing maintenance fees

Making payments for property management, parking fees, and other housing maintenance costs.

Features in BTN Smart Residence include

Residence and Tenant Management

The residence manager can organize residents by cluster/tower, block/floor, and unit number.

Bill Management

The residence manager can input each resident's bill.

Information Management

The residence manager can disseminate the latest information regarding residences.

Complaint Management

Residence managers can find out complaints that are reported by residents.

Transactions in the BTN Smart Residence App

Description	Unit	2023	2022	2021
Registered User	Persons	8,915	5,605	2,252
Number of Transactions	Transaction	16,973	16,053	3,740
Transaction Volume	Rp million	7,458	2,762	288

BTN Smart Residence Mobile Interface





BTN Properti

It is a platform that offers a wide selection of properties owned by developers who have collaborated with the company throughout Indonesia.

BTN Properti's superior features include

<p>Search</p> <p>Consumers can search for properties based on area, developer's name, or housing's name.</p>	<p>Lending Simulation</p> <p>Consumers can calculate their lending application to find out the installment amount.</p>	<p>Online Lending Application</p> <p>Consumers can submit credit applications online.</p>	<p>Credit Application Tracking</p> <p>Consumers can monitor the status of their credit application.</p>	<p>4D Tour Service</p> <p>Consumers can visit the show unit virtually with 4-dimensional features.</p>
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Number of Registered Users on the BTN Properti Platform

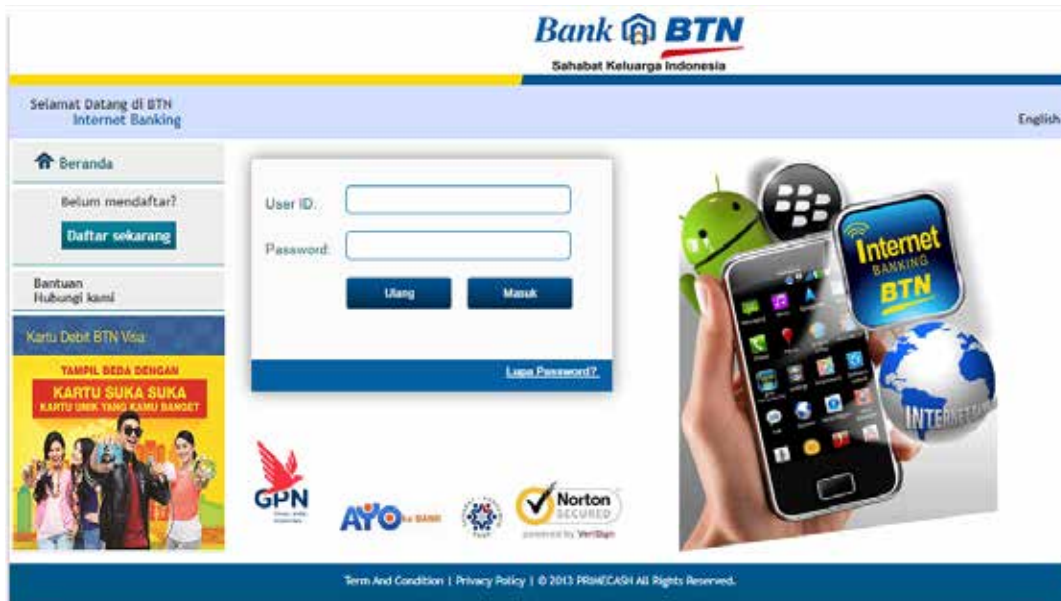
2023	2022	2021
515,339	309,429	181,873



BTN Internet Banking

Banking services for individual customers to obtain financial information and self-manage banking transactions via the internet.

BTN Internet Banking Interface



Retail Internet Banking Transactions (Financial and Non-Financial Transactions)

Note	Unit	2023	2022
Number of Transactions (Financial and Non-financial)	Transaction	1,009,499	994,134
Transaction Nominal	Rp million	26,820,753	17,340,267
Registered User	User	1,338,412	1,167,073
Number of Acquisition	Acquisition	329,414	491,934

Reducing Carbon Footprint Through Digital Applications

In line with our commitment to providing excellent service to customers, the Company also utilizes various digital applications to reduce paper usage. These efforts reflect our commitment to reducing carbon footprint and implementing Sustainable Finance. Several digital applications used by the Company include:

- eProc (e-Procurement), Used for procurement process management, where vendors must be registered in this application for direct appointments and selections.
- iFlow, Document workflow management application facilitating information access across all divisions and branch offices, covering distribution and disposition processes for letters or other documents.
- iLoan, Used in customer loan origination processes.
- iWealth, Supports the development of Bank's product business, especially bancassurance, mutual funds, and ORI/SUKRI.
- Smart Collection, Mobile application for collection officers to conduct customer surveys and billing activities.
- B-Gate, Employee attendance application, including management activities during work from home, non-duty leave, and others.
- Digital Room for E-Learning Modules (DREAM), Enables employees to follow online learning modules.
- iRecruitment, Web-based application used for the Company's recruitment process.
- New BTN Mobile , Latest mobile banking development with more comprehensive payment and purchase features and user-friendly interface.
- Operational Risk Tools (ORMIS), Integrated system for managing operational risks, including RCSA, LED, and KRI.
- PPDigital: Integrated system comprising internal policies accessible to all employees.
- Smart Branch, Implementation of Smart Branch to maximize digitalization and reduce paper form usage.
- E-Form, Form application used in various company operations, including KPR submissions through BTN Properti.



BTN Cash Management

It is a service for institutional customers to carry out various types of financial and banking transactions accessed via the internet network. Transactions can be made online and directly (real-time) without restrictions on place and time, easily and safely.

Features of BTN Cash Management include:

- Account information;;
- Funds transfer;
- Payment;
- Purchase;
- Liquidity Management;
- MPN payment management; dan
- Pertamina services.

Corporate Internet Banking Transactions (CMS)

Note	Unit	2023	2022
Number of Transactions (Financial and Non-financial)	Transaction	4,060,849	2,206,654
Transaction Nominal	Rp million	164,172,574	88,204,540
Registered User	User	14,663	11,922
Number of Acquisition	Acquisition	3,034	2,361

BTN CRM (Cash Recycle Machine)

ATM machine service that can accept cash deposits and cash withdrawals, making transactions easy, fast, and direct (real-time).

The company is committed to providing equal quality service to all customers. To fulfill this commitment, the company pays special attention to clients with certain conditions, such as people with disabilities. The company not only provides physical facilities and infrastructure, but also provides assistance for clients with special conditions. For example, the company provides ATMs and special lanes equipped with Braille for blind customers. The company also provides a special route for customers who use wheelchairs. [FS14]



SOCIO-ECONOMIC COMPLIANCE [GRI 419-1]

Socio-economic compliance is an integral part of the company's responsibilities. The company is dedicated to respecting and complying with ethical standards and legal regulations to ensure that its business operations run responsibly. Compliance can not only protect the company's business and prevent possible legal consequences or other non-monetary sanctions, but also strengthen the trust of stakeholders.

To ensure compliance in the social sector, the company has a Special Policy KK.9-AG dated 29 September 2023 on the Occupational Health and Safety (OHS) Management System. With this policy, the company is committed to:

1. Preventing and reducing work accidents and work-related diseases by involving the management, bank employees, and/or labor unions;
2. Creating a safe, comfortable and efficient workplace to boost productivity;
3. Supporting the creation of added value for the bank; and
4. Increasing independence, responsibility, and professionalism.

To ensure compliance in the social sector, the company is committed to complying with labor regulations and occupational health and safety (OHS) standards. Several related policies include, among others, employing employees for a certain period of time, refraining from employing forced labor or underage workers, treating employees and customers equally, and creating a safe and comfortable work environment in accordance with OHS principles. Meanwhile, compliance in the economic sector is demonstrated through fair competition, anti-monopoly, anti-corruption and provision of decent wages. [GRI 3-3][SASB FN-CB-510a.1]

The company's compliance commitment is proven by the absence of fines or non-monetary sanctions in the social and economic fields during the reporting period. The company also has no cases submitted to Indonesia's dispute resolution mechanism. These mechanisms include disputes about labor, product legality, and various other types of disputes. [GRI 2-27, 419-1]

COMPLAINT MANAGEMENT [GRI 413-2][OJK F.24]

The company is fully aware of the importance of open communication to build trust from stakeholders. The company puts emphasis on providing accessible and responsive channels that make it easier for every stakeholder, including local communities, to submit input, suggestions or complaints regarding the company's business operations. This complaint channel functions as a means of dialog that enables the company to resolve problems quickly and collaboratively. By maintaining a firm commitment to these efforts, the company hopes to build trust, strengthen relationships, and ensure that diverse stakeholder perspectives are recognized and addressed quickly and appropriately. During the reporting period, the company did not receive any complaints regarding its operational activities or the resulting negative impacts. [F.24]

Year	Complaints Received	Complaints Followed-up	Complaints Resolved
2023	0	0	0
2022	0	0	0
2021	0	0	0

BTN Service Roadmap 2023-2025

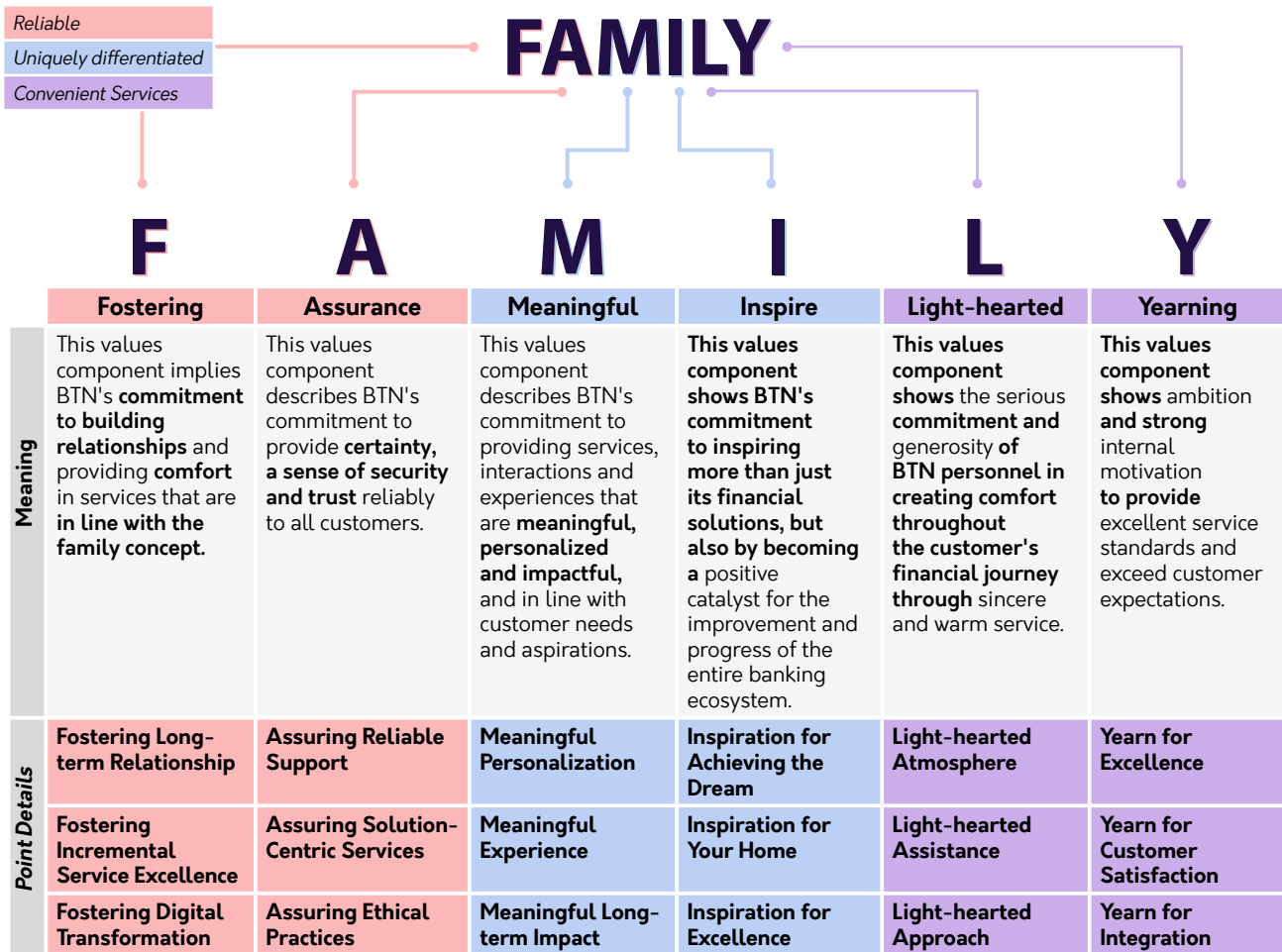
To support the achievement of Bank BTN's vision to become the "Best Mortgage Bank in Southeast Asia 2025", the company has prepared a service vision "to deliver a reliable, uniquely differentiated and convenient service beyond customer expectations" along with 19 key initiatives supporting the formulated service vision aligned with the sales & service culture pillar. Based on this, a service roadmap is needed and will become a guideline in achieving BTN's service vision.

The process of preparing the 2023-2025 BTN Service Roadmap begins with conducting a survey to obtain the Voice of Customer (VoC) by measuring the Customer Experience Index (CEI). Furthermore, to follow up on the BTN 2023-2025 Service Roadmap strategy that has been completed, the Customer Care Division (CCD) carries out activities in the form of workshops attended by all levels of Directors, SEVP levels, Heads of relevant Divisions from product and channel owners, Head of Regional Office 1 and 2, and a team of consultants. This program is implemented as a means for dissemination and a forum for discussing and obtaining direction and approval from all levels of the Board of Directors regarding the Service Roadmap Concept that has been prepared.

Through this workshop, the Service Mission was approved as an elaboration of the Service Vision. BTN Service Mission is:

1. **To foster a culture of integrated services** within the organization by implementing a solution-centric approach to achieve exceptional service excellence;
2. To foster **consistent service standards** across all service channels and customer touchpoints to ensure a seamless and exceptional experience in every interaction;
3. To become a trusted financial partner and housing advisor by **providing distinctive services that draw on the authenticity of the organization;**
4. To provide **the best service experience that focuses on customer expectations** by serving them like family with distinct hospitality.

Apart from the Service Vision and Mission, BTN's Service Values have also been approved, including:



The term "FAMILY" was chosen as a service value as it describes services that are reliable (fostering and assurance), uniquely differentiated (meaningful and inspiring), and convenient (lighthearted and yearning) and as a hope for BTN's services that will always involve customers like members of the family.

As a foundation to support the Service Mission and increase customer acquisition and loyalty, the company establishes core values. BTN's Core Values are defined as solution-centric, which will always be an added value provided to BTN customers in the form of basic advisory to new customers, advanced advisory to existing & churning customers.

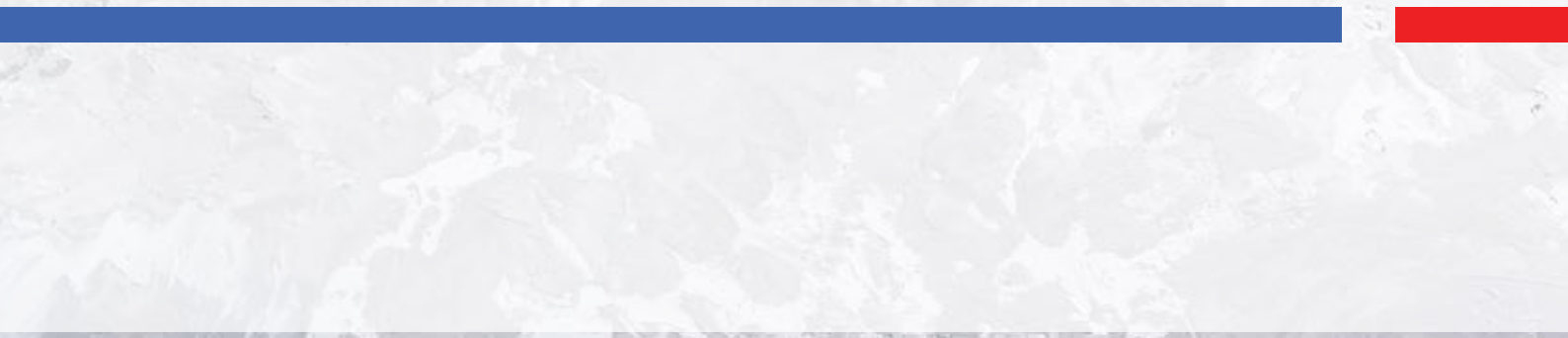
In accordance with the Service Blueprint which was prepared to show improvements that will become new standards in all service channels, these improvements focus on the People, Process and Physical Evidence aspects. The following is the implementation plan for the 2023-2025 BTN Service Roadmap, which is divided into:

1. Quick Win
 - Solution-Centric Response Mechanism
 - Service-focused Squad
 - FinEase Acceleration
 - BTN Care
2. Mid-Term
 - Service Competency Enhancement Program (S-CEP)
 - BTN Mobile Advancement
 - CRM Empowerment
 - BTN Housing & Mortgage Advisory
3. Long-Term
 - Hackathon
 - BTN Heritage

Based on the Service Programs Prioritization that has been determined and presented at the 2023-2025 BTN Service Roadmap Workshop, it has been approved that 4 (four) Service Programs included in Quick Win will be implemented in the 2023-2025 Bank Service Roadmap Pilot Project, including :

1. Solution-Centric Response Mechanism
Implementing service recovery procedures if BTN provides services below specified standards and developing a service recovery room for customers who file hard complaints.
2. Service-focused Squad
Establishment of a Service Focused Squad as a supporting role to assist customer activities without going through CS and Teller, apart from forming a service organization to implement service standards and create a learning culture and environment.
3. FinEase Acceleration
Acceleration of the account opening process, improvements to consumer credit contract service standards, standardization of branch office premises (relayouts, queuing machines, and Loan Services uniforms), and script development.
4. BTN Care
Ensuring that facilities for the disabled, elderly, pregnant/nursing mothers, and children are available, such as hand rails, wheelchairs, walking aids, priority seats, kids corners, lactation rooms, and others.

The Pilot Project was approved to be implemented in 5 (five) Branch Offices (Conventional and Sharia), including Bekasi Branch Office, Tangerang Branch Office, Karawang Branch Office, Bandung Sharia Branch Office, Yogyakarta Sharia Branch Office.





08
Sustainability
Governance

COMMITMENT TO GOOD GOVERNANCE IMPLEMENTATION

The Company is committed to implementing the principles of good corporate governance (GCG) throughout its entire operational lines. GCG serves as the fundamental guide for the Company's management, alongside legal regulations and business ethics. As an entity that prioritizes professionalism, the Company adopts GCG not only based on compliance with applicable laws and regulations but also as a manifestation of awareness of the benefits of GCG in enhancing performance, excellence, and sustainable competitiveness.

In facing the competition within the banking industry, the Company actively endeavors to strengthen its position by implementing GCG optimally. The implementation of GCG brings various benefits to the Company, including creating a balance in corporate control to reduce the risk of fraud and minimizing the possibility of errors in company management.

The ability to meet the expectations of various stakeholders is a valuable asset for the Company to continue growing and sustaining itself in the future. As a financial service institution, the Company is confident in overcoming challenges and demands from both internal and external stakeholders through the appropriate implementation of GCG in accordance with applicable regulations and existing best practice standards.

In applying GCG, the Company refers to various provisions, regulations, and relevant legislation, as well as guidelines on GCG published by national and international institutions. The reference basis for the Company's GCG implementation involves:

- Republic of Indonesia Law No. 10 of 1998 concerning Amendments to Law No. 7 of 1992 concerning Banking;
- Law No. 40 of 2007 concerning Limited Liability Companies;
- Financial Services Authority Regulation No. 17/POJK.03/2014 concerning the Implementation of Integrated Risk Management for Financial Conglomerates;
- Financial Services Authority Regulation No. 18/POJK.03/2014 concerning the Implementation of Integrated Governance for Financial Conglomerates;
- Financial Services Authority Regulation No. 33/POJK.04/2014 concerning the Board of Directors and Board of Commissioners of Issuers or Public Companies;
- Financial Services Authority Regulation No. 8/POJK.04/2015 concerning Issuers' or Public Companies' Websites;
- Financial Services Authority Regulation No. 21/POJK.04/2015 concerning the Implementation of Guidelines for Corporate Governance of Public Companies;

- Financial Services Authority Regulation No. 31/POJK.04/2015 concerning the Disclosure of Material Information or Facts by Issuers or Public Companies;
- Financial Services Authority Regulation No. 5/POJK.03/2016 concerning Bank Business Plans;
- Financial Services Authority Regulation No. 37/POJK.03/2019 concerning Transparency and Publication of Bank Reports;
- Financial Services Authority Circular Letter No. 14/SEOJK.03/2015 concerning the Implementation of Integrated Risk Management for Financial Conglomerates;
- Financial Services Authority Circular Letter No. 15/SEOJK.03/2015 concerning the Implementation of Integrated Governance for Financial Conglomerates;
- Financial Services Authority Circular Letter No. 32/SEOJK.04/2015 concerning Guidelines for Corporate Governance of Public Companies;
- Financial Services Authority Circular Letter No. 25/SEOJK.03/2016 concerning General Banking Business Plans;
- Financial Services Authority Circular Letter No. 43/SEOJK.03/2016 concerning Transparency and Publication of Conventional Commercial Bank Reports;
- Financial Services Authority Circular Letter No. 13/SEOJK.03/2017 concerning Governance Implementation for Commercial Banks;
- Minister of State-Owned Enterprises Regulation No. PER-2/MBU/03/2023 concerning Guidelines for Governance and Significant Corporate Activities of State-Owned Enterprises; and
- Company Articles of Association.

Furthermore, the Company adopts various best governance standards applicable at regional and international levels, continuously enhancing the scope of GCG implementation, including:

1. Corporate governance principles developed by the Organization for Economic Cooperation and Development (OECD);
2. ASEAN Corporate Governance Scorecard issued by the ASEAN Capital Market Forum (ACMF);
3. Indonesian Corporate Governance Guidelines developed by the National Governance Policy Committee (KNKG/Komite Nasional Kebijakan Governance);
4. Indonesian Banking Corporate Governance Guidelines developed by the National Governance Policy Committee (KNKG); and
5. Principles for Enhancing Corporate Governance published by the Basel Committee on Banking Supervision.

The implementation of GCG is increasingly gaining significant importance and has become a necessity to achieve the goal of "Moving Beyond Corporate

Governance to True Business Value." the Company has shifted its governance implementation paradigm from the previous compliance-driven focus to a value-driven orientation in all business processes. Evidence that the enhancement of corporate value can be achieved alongside the improvement of sustainable governance practices is evident from the Company's business performance and governance assessments. Since 2014, both the Corporate Governance Perception Index (CGPI) and the ASEAN Corporate Governance Scorecard (ACGS) have consistently increased in alignment with the Company's growth.

Principles of Governance

The Company is acutely aware that the sustainability of an entity's business cannot solely be measured by financial performance and profit growth but also through internal company management, including effective GCG implementation. The fundamental principle of the Company is to apply GCG principles with the objective and belief that this will ensure the creation of a comprehensive business balance. Thus, all forms of interests, both business and social, individual and group, internal and external, in the short and long term, including the interests of shareholders and other stakeholders, will reach an optimal balance.

The implementation of GCG principles is crucial for the Company to become more resilient and capable of withstanding increasingly intense competition. The Company actively strives to align with the best GCG practices at the national, regional, and international levels, making adjustments as needed to meet the Company's requirements.

The implementation of GCG principles within the Company aims, among other things, to:

1. Support the Company's vision, namely "Becoming the Best Mortgage Bank in Southeast Asia by 2025";
2. Support the Company's mission, which includes:
 - a. Actively supporting the government in advancing the welfare of the Indonesian society through homeownership;
 - b. Realizing the dreams of millions of Indonesian citizens by providing decent housing;
 - c. Becoming One of Home of Indonesia's Best Talent;
 - d. Enhancing shareholder value by focusing on sustainable profitability growth as a blue-chip company with robust risk management principles; and
 - e. Becoming a financial partner for stakeholders in the housing ecosystem by providing comprehensive solutions and the best services through digital innovation.
3. Providing benefits and added value for shareholders and stakeholders;
4. Maintaining and enhancing long-term business sustainability and competitiveness; and
5. Building investor confidence in the Company.

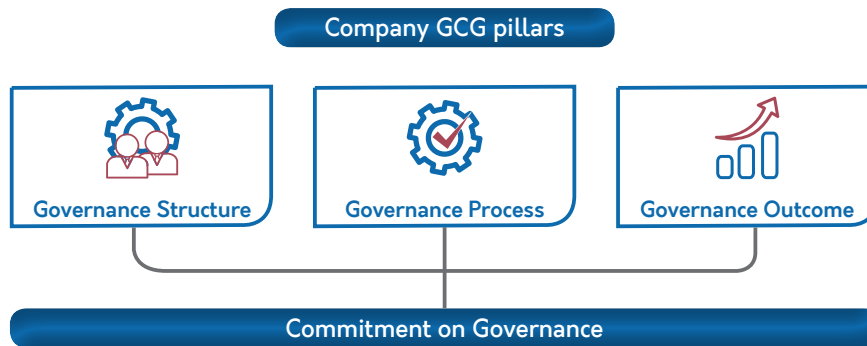
In carrying out all business processes and operational activities, the Company applies principles of good corporate governance at every level or organizational tier, referring to Financial Services Authority Regulation No. 30/POJK.05/2014. Some of the good corporate governance principles implemented by the Company include:

1. **Transparency**
Transparency refers to openness in decision-making processes, as well as the disclosure and provision of relevant information about the Company.
2. **Accountability**,
Accountability involves the clarity of the functions and implementation of responsibilities of the corporate organs, ensuring that the Company's performance runs transparently, fairly, effectively, and efficiently;
3. **Responsibility**
Responsibility is the alignment of company management with legal regulations in the financing field, ethical values, and the standards, principles, and practices of conducting healthy financing business;
4. **Independency**
Independence entails the condition in which the Company is managed independently and professionally, free from conflicts of interest and influence or pressure from any party inconsistent with legal regulations in the financing field and ethical values, as well as the standards, principles, and practices of conducting healthy financing business; and
5. **Equality and Fairness**
Equality and fairness involve equal, balanced, and just treatment in fulfilling the rights of stakeholders arising from agreements, legal regulations, ethical values, and the standards, principles, and practices of conducting healthy financing business.

GCG serves as a guide employed by the Company's organs to enhance business success and accountability. Its objective is to realize shareholder value in the long term while also considering the interests of other stakeholders. The implementation of GCG is grounded in legal regulations and business ethics. As banks face increasingly complex risks, the Company's need for governance practices intensifies to maintain sustainability and business success. Further more, GCG represents a continuous effort to proportionally respond to the needs of GCG implementation, with the goal of achieving the vision "Moving Beyond Corporate Governance to True Business Value." In other words, the Company is committed to being a state-owned bank that takes pride in and actively participates in advancing the progress and prosperity of the nation. To achieve this, the Company consistently manages every business activity professionally, adhering to the principles of GCG. This initiative begins with having reliable, professional, integrity-driven, ethical, and morally high-standard human resources.

Governance Strategy

By comprehensively applying the GCG paradigm, there will be alignment between the interests and objectives of the Company with stakeholders. This alignment will ultimately drive the sustainability of the Company in the long term. To consistently strengthen GCG over time, the Company has developed a Governance Roadmap that includes four main pillars. The first pillar is the Commitment on Governance, which forms the foundation for the other three pillars: Governance Structure, Governance Process, and Governance Outcome.



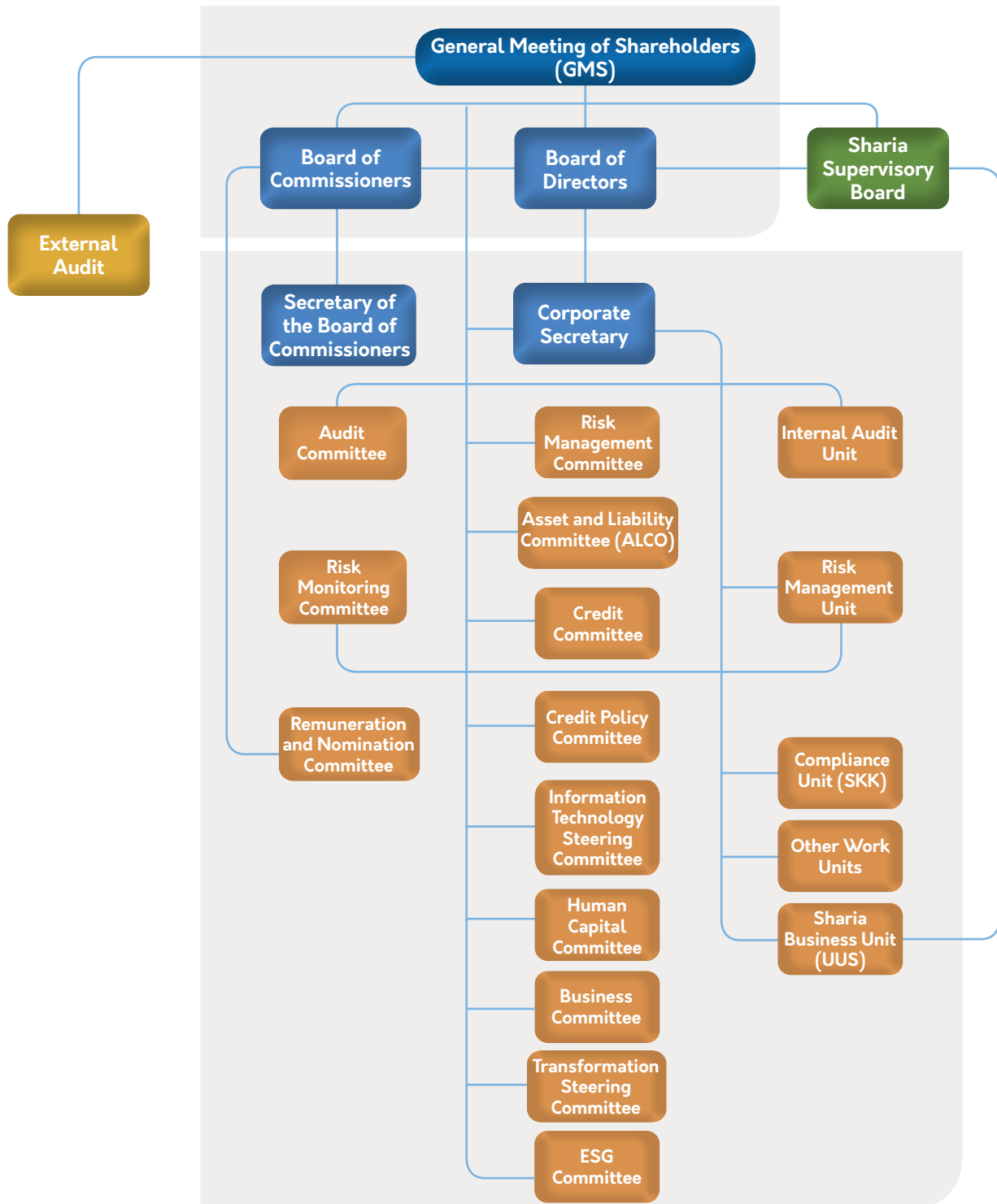
Governance Commitment

The Company consistently strengthens its commitment to apply and uphold GCG principles in every daily business activity, complying with all applicable regulations and laws, and always remaining open to improvements in line with best practices to align with the Company's objectives, vision, and mission. This creates added value for shareholders and other stakeholders.

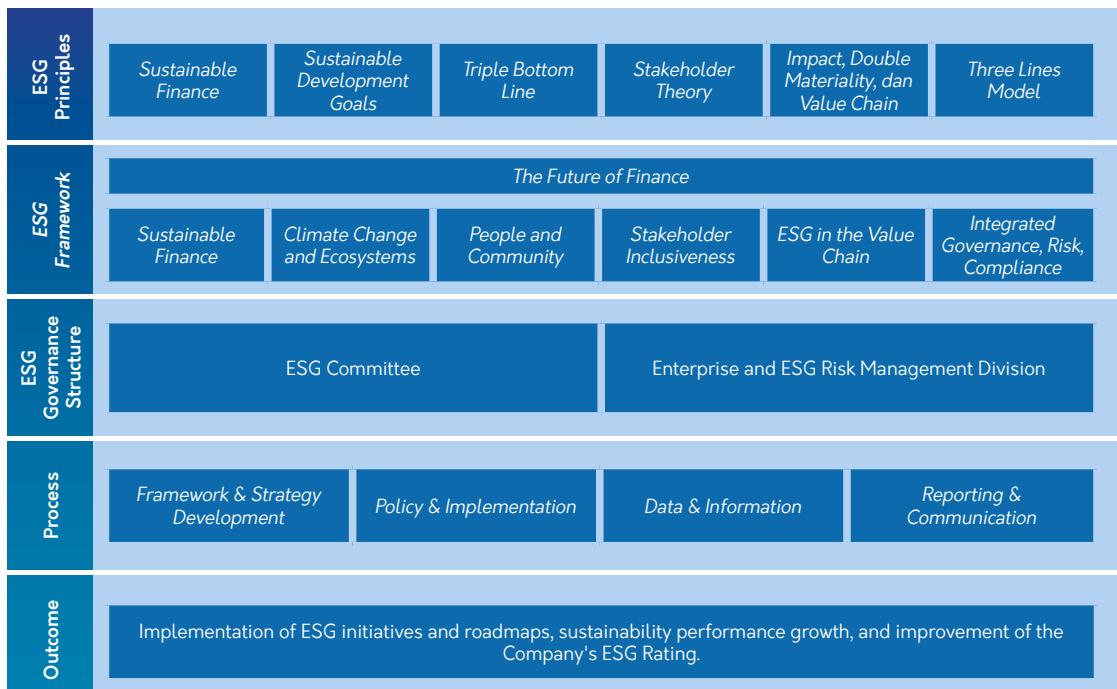
The implementation of good corporate governance (GCG) is a crucial indicator for shareholders to assess the Company's performance and have confidence that the Company is well-managed and capable of protecting the interests of all shareholders. PT Bank Tabungan Negara (Persero) Tbk, as a State-Owned Enterprise (BUMN) and a public company, is committed to continually enhancing the implementation of good corporate governance to understand the expectations of each shareholder.

GOVERNANCE STRUCTURE [GRI 2-9, 2-10, 2-11]

The Company's governance structure follows the provisions of Law No. 40 of 2007 concerning Limited Liability Companies. This law stipulates that "the Company's organs consist of the General Meeting of Shareholders, the Board of Directors, and the Board of Commissioners." The establishment of these Company organs aims to ensure that corporate governance principles can operate effectively through clear roles and responsibilities, creating a mechanism for checks and balances. The General Meeting of Shareholders, the Board of Directors, and the Board of Commissioners work with mutual respect for their respective tasks, responsibilities, and authorities in accordance with laws and articles of association, thus creating effective corporate governance.



Sustainability Governance of Bank BTN

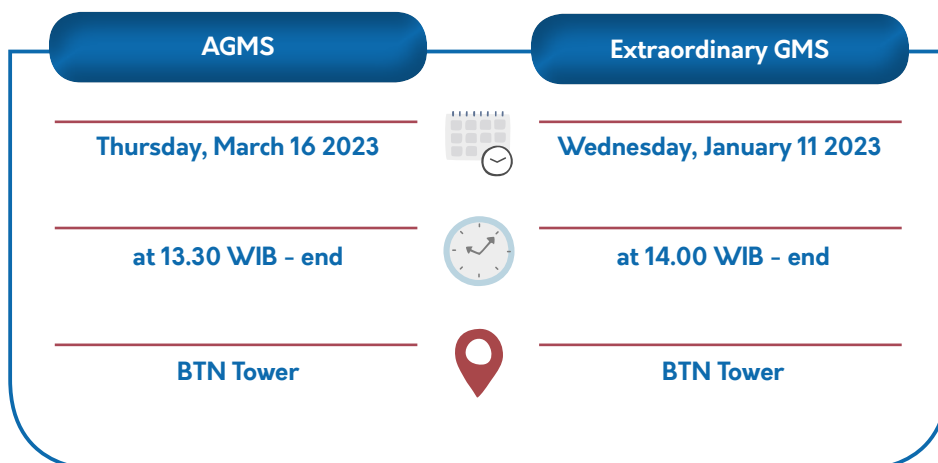


General Meeting of Shareholders [GRI 2-11]

As the highest organ in the Company, the General Meeting of Shareholders (GMS) serves as a platform for shareholders to exercise their authority, both to obtain information and provide input regarding the Company's policies. In accordance with Law No. 40 of 2007 concerning Limited Liability Companies, it is stated that "GMS is the Company organ with authority not delegated to the Board of Directors or the Board of Commissioners within the limits specified in this Law and/or the Articles of Association." GMS is the highest governance body and not an executive officer in the Company. GMS is the forum where the Board of Commissioners and the Board of Directors present reports and accountability for the performance of their duties to shareholders. Shareholders are not involved in the operational activities of the Company, which are the responsibility of the Board of Directors, in accordance with the Company's Articles of Association and applicable regulations. [GRI 2-11]

The Company holds two types of GMS, namely the Annual General Meeting of Shareholders (Annual GMS) and the Extraordinary General Meeting of Shareholders (Extraordinary GMS). The AAGMS is a mandatory event and must be held no later than six months after the end of the fiscal year. On the other hand, the Extraordinary GMS, also known as other GMS, can be held at any time as needed and in the Company's interest.

In the reporting year, the Company organized 1 (one) Annual General Meeting of Shareholders and 1 (one) Extraordinary General Meeting of Shareholders, as detailed below:



Board of Commissioners

The Board of Commissioners is an organ of the Company responsible for oversight, both general and specific, in accordance with the provisions of the Articles of Association. Additionally, the Board of Commissioners plays a role in providing advice to the Board of Directors. The Board of Commissioners is tasked with overseeing and providing advice to the Board of Directors for the benefit of the Company and shareholders in particular, as well as stakeholders in general.

In carrying out their oversight duties, the Board of Commissioners has the authority to form committees whose members are drawn from the Board of Commissioners. These committees have responsibilities executed with accountability to the Board of Commissioners. Further provisions regarding the functions of the Company's Board of Commissioners are regulated in accordance with Law No. 40 of 2007 concerning Limited Liability Companies, Law No. 7 of 1992 concerning Banking, Minister of SOE Regulation, OJK Regulation, Bank Indonesia Regulation, and the Company's Articles of Association.

During the year 2023, there have been changes in the composition of the members of the Board of Commissioners. The changes in the composition of the Board of Commissioners are made based on the needs of the Company. The composition of the Board of Commissioners is as follows:

1. January 1, 2023 – January 11, 2023

The composition of the Company's Board of Commissioners for the period of January 1, 2023 – January 11, 2023, is as follows:

Name	Position	Executor	Basis of Appointment	Effective Date
Chandra M. Hamzah	President/Independent Commissioner	Financial Services Authority	Extraordinary GMS on November 27, 2019	May 4, 2020
Iqbal Latanro	Vice President/Independent Commissioner	Financial Services Authority	Annual GMS on March 10, 2021	September 6, 2021
Armand B. 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
Sentot A Sentausa	Independent Commissioner	Financial Services Authority	Annual GMS on March 2, 2022	March 2, 2022
Andin Hadiyanto	Commissioner	Financial Services Authority	Extraordinary GMS on November 27, 2019	July 10, 2020
Herry Trisaputra Zuna	Commissioner	Financial Services Authority	Annual GMS on March 2, 2022	March 2, 2022
Himawan Arif Sugoto	Commissioner	Financial Services Authority	Annual GMS on March 2, 2022	March 2, 2022

2. January 11, 2023 – August 12, 2023

Based on the decision of the Extraordinary General Meeting of Shareholders in 2023, Mr. Mohamad Yusuf Permana has been appointed as a Commissioner of the Company. Therefore, the revised composition of the Members of the Company's Board of Commissioners is as follows :

Name	Position	Executor	Basis of Appointment	Effective Date
Chandra M. Hamzah	President/Independent Commissioner	Financial Services Authority	Extraordinary GMS on November 27, 2019	May 4, 2020
Iqbal Latanro	Vice President/Independent Commissioner	Financial Services Authority	Annual GMS on March 10, 2021	September 6, 2021
Armand B. 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
Sentot A Sentausa	Independent Commissioner	Financial Services Authority	Annual GMS on March 2, 2022	March 2, 2022
Andin Hadiyanto	Commissioner	Financial Services Authority	Extraordinary GMS on November 27, 2019	July 10, 2020
Herry Trisaputra Zuna	Commissioner	Financial Services Authority	Annual GMS on March 2, 2022	March 2, 2022
Himawan Arief Sugoto	Commissioner	Financial Services Authority	Annual GMS on March 2, 2022	March 2, 2022
Mohamad Yusuf Perdana	Commissioner	Financial Services Authority	Extraordinary GMS on January 11, 2023	June 7, 2023

3. August 12, 2023 – December 31, 2023

On August 12, 2023, Mr. Ahdi Jumhari Luddin, an Independent Commissioner of the Company, passed away, resulting in the automatic termination of the term of office. The confirmation of the termination will be conducted at the upcoming GMS. In light of the aforementioned circumstances, the composition of the Members of the Company's Board of Commissioners as of December 31, 2023, is as follows:

Name	Position	Executor	Basis of Appointment	Effective Date
Chandra M. Hamzah	President/Independent Commissioner	Financial Services Authority	Extraordinary GMS on November 27, 2019	May 4, 2020
Iqbal Latanro	Vice President/Independent Commissioner	Financial Services Authority	Annual GMS on March 10, 2021	May 4, 2020
Armand B. Arief	Independent Commissioner	Financial Services Authority	Extraordinary GMS on November 27, 2019	May 14, 2020
Sentot A Sentausa	Independent Commissioner	Financial Services Authority	Annual GMS on March 2, 2022	March 2, 2022
Andin Hadiyanto	Commissioner	Financial Services Authority	Extraordinary GMS on November 27, 2019	July 10, 2020
Herry Trisaputra Zuna	Commissioner	Financial Services Authority	Annual GMS on March 2, 2022	March 2, 2022
Himawan Arief Sugoto	Commissioner	Financial Services Authority	Annual GMS on March 2, 2022	March 2, 2022
Mohamad Yusuf Permana	Commissioner	Financial Services Authority	Extraordinary GMS on January 11, 2023	June 7, 2023

Board of Directors

The Board of Directors, as the organ responsible for governance, holds full responsibility for managing the Company in line with the established interests and objectives. The duties of the Board of Directors encompass operational management, strategy formulation, and the management and protection of the Company's assets. The Board of Directors is also obligated to report its activities to the Board of Commissioners. All members of the Board of Directors must have a minimum of five years of experience in operational roles and have served as executive officers in banks. Additionally, Board members must meet the integrity, competence, and financial reputation assessment criteria set by the Financial Services Authority. The criteria for potential Board members are stipulated in accordance with the Guidelines and Working Procedures of the Board of Directors. The appointment process for Board members is carried out through the GMS effective from the conclusion of the GMS. Any proposals for the replacement and/or appointment of Board members by the Board of Commissioners to the GMS must take into account the recommendations of the Remuneration and Nomination Committee.

The term of office for Board members is 5 (five) years and can be reappointed for one additional term. The appointment of Board members is based on the decision of the GMS, with a term beginning on the date of appointment in the GMS that appointed them and ending with the closure of the 5th AGMS after the appointment date. This procedure aligns with the regulations in the applicable capital market laws. However, the GMS retains the right to dismiss Board members before the end of their term, considering the legal provisions applicable in the capital market.

During the year 2023, changes have occurred in the composition of the Board of Directors. Changes in the composition of the Board of Directors are made based on the needs of the Company. The composition of the Board of Directors is as follows:

1. Board of Directors Composition, January 1, 2023 – January 11, 2023

Name	Position	Executor	Basis of Appointment	Effective Date
Haru Koesmahargyo	President Director	Financial Services Authority	Annual GMS on March 10, 2021	May 19, 2021
Nixon L.P. Napitupulu	Vice President Director	Financial Services Authority	Annual GMS on March 10, 2021	May 19, 2021
Hirwandi Gafar	Director of Consumer Affairs	Financial Services Authority	Extraordinary GMS on November 27, 2019	August 28, 2020
Nofry Rony Poetra	Director of Finance	Financial Services Authority	Annual GMS on March 10, 2021	August 9, 2021

Name	Position	Executor	Basis of Appointment	Effective Date
Eko Waluyo	Director of Human Capital, Compliance, and Legal	Financial Services Authority	Annual GMS on March 10, 2021	August 9, 2021
Elisabeth Novie Riswanti	Director of Assets Management	Financial Services Authority	Extraordinary GMS on November 27, 2019	June 26, 2020
Andi Nirwoto	Director of IT and Digital	Financial Services Authority	Annual GMS on March 23, 2018	September 7, 2018
Jasmin	Director of Distribution and Funding	Financial Services Authority	Extraordinary GMS on November 27, 2019	May 4, 2020
Setiyo Wibowo	Director of Risk Management	Financial Services Authority	Extraordinary GMS on November 27, 2019	July 3, 2020

2. January 11, 2023 – March 16, 2023

In accordance with the Annual General Meeting of Shareholders held on January 16, 2023, the decisions made were as follows:

1. Respectfully dismissing Andi Nirwoto from the position of Director of IT & Digital
2. Appointing Andi Nirwoto as the Director of IT & Digital

Thus, the composition of the Board of Directors as of January 11, 2023, is as follows:

Name	Position	Executor	Basis of Appointment	Effective Date
Haru Koesmahargyo	President Director	Financial Services Authority	Annual GMS on March 10, 2021	May 19, 2021
Nixon LP. Napitupulu	Vice President Director	Financial Services Authority	Annual GMS on March 10, 2021	May 19, 2021
Hirwandi Gafar	Director of Consumer Affairs	Financial Services Authority	Extraordinary GMS on November 27, 2019	August 28, 2020
Nofry Rony Poetra	Director of Finance	Financial Services Authority	Annual GMS on March 10, 2021	August 9, 2021
Eko Waluyo	Director of Human Capital, Compliance, and Legal	Financial Services Authority	Annual GMS on March 10, 2021	August 9, 2021
Elisabeth Novie Riswanti	Director of Assets Management	Financial Services Authority	Extraordinary GMS on November 27, 2019	June 26, 2020
Andi Nirwoto	Director of IT and Digital	Financial Services Authority	Extraordinary GMS on March 11, 2023	January 11, 2023
Jasmin	Director of Distribution and Funding	Financial Services Authority	Extraordinary GMS on November 27, 2019	May 4, 2020
Setiyo Wibowo	Director of Risk Management	Financial Services Authority	Extraordinary GMS on November 27, 2019	July 3, 2020

3. Period January 11, 2023 – March 16, 2023

In accordance with the Annual General Meeting of Shareholders held on January 16, 2023, the decisions made were as follows:

1. Respectfully dismissing Haru Koesmahargyo from the position of Chief Executive Officer
2. Reassigning Nixon LP Napitupulu, originally the Deputy Chief Executive Officer, to the position of Chief Executive Officer
3. Appointing Oni Febriarto Rahadjo as the Deputy Chief Executive Officer
4. Appointing Hakim Putratama as the Director of Institutional Banking

Thus, the composition of the Board of Directors as of March 16, 2023, is as follows:

Name	Position	Executor	Basis of Appointment	Effective Date
Nixon LP. Napitupulu	President Director	Financial Services Authority	Annual GMS on March 16, 2023	March 16, 2023
Oni Febriarto Rahardjo	Vice President Director	Financial Services Authority	Annual GMS on March 16, 2023	June 7, 2023
Hirwandi Gafar	Director of Consumer Affairs	Financial Services Authority	Extraordinary GMS on November 27, 2019	August 28, 2020

Name	Position	Executor	Basis of Appointment	Effective Date
Nofry Rony Poetra	Director of Finance	Financial Services Authority	Annual GMS on March 10, 2021	August 9, 2021
Eko Waluyo	Director of Human Capital, Compliance, and Legal	Financial Services Authority	Annual GMS on March 10, 2021	August 9, 2021
Elisabeth Novie Riswanti	Director of Assets Management	Financial Services Authority	Extraordinary GMS on November 27, 2019	June 26, 2020
Andi Nirwoto	Director of IT and Digital	Financial Services Authority	Extraordinary GMS on March 11, 2023	January 11, 2023
Jasmin	Director of Distribution and Funding	Financial Services Authority	Extraordinary GMS on November 27, 2019	May 4, 2020
Setiyo Wibowo	Director of Risk Management	Financial Services Authority	Extraordinary GMS on November 27, 2019	July 3, 2020
Hakim Putratama	Director of Institutional Banking	Financial Services Authority	Annual GMS on Maret 16, 2023	July 26, 2023

Nomination Process of the Highest Governance Body [GRI 2-10]

In the nomination process of the highest governance body, the Company involves shareholders in the Annual General Meeting of Shareholders (GMS). Each member of the Board of Commissioners and the Board of Directors is appointed and dismissed by the GMS. In the nomination process for the Board of Commissioners and the Board of Directors, the Company conducts transparent selection and nomination, considering recommendations from the Remuneration and Nomination Committee. Criteria considered in evaluating candidates for the Board of Commissioners and the Board of Directors include integrity, honesty, professionalism, leadership experience, loyalty, and the availability of time for the Bank's progress. Aspects considered in the nomination process include criteria for diversity as well as expertise and experience in economic, environmental, and social fields. Additionally, other criteria include the absence of financial and family relationships with fellow members of the Board of Commissioners, members of the Board of Directors, and Controlling Shareholders; as well as business relationships or other connections that may affect independence. [GRI 2-10]

Based on the Decision of the Board of Commissioners number 05/KOM/BTN/2023 dated December 13, 2023, regarding the Guidelines and Working Procedures of the Board of Commissioners of PT Bank Tabungan Negara (Persero) Tbk, the Company establishes criteria and requirements for candidates for members of the Board of Commissioners, which include: [GRI 2-10]

1. Candidates eligible for appointment as members of the Board of Commissioners must be individuals who meet the requirements at the time of appointment and throughout their term, in accordance with the provisions of the Company's Articles of Association and applicable regulations;
2. Members of the Board of Commissioners must meet the assessment criteria for competence and suitability according to the Financial Services Authority Regulation regarding the Assessment of Competence and Suitability for Main Parties in Financial Institutions and have obtained approval from the Financial Services Authority; and
3. At least 1 (one) member of the Board of Commissioners must reside in Indonesia.
4. Members of the Board of Commissioners who have met the approval requirements of the Financial Services Authority during their term must possess:
 - a. Integrity;
 - b. Competence; and
 - c. Good reputation.
5. Independent Commissioner candidates must have:
 - a. Adequate knowledge in the banking sector relevant to the position of an Independent Commissioner; and
 - b. Experience in the banking and/or financial sector.
6. Former members of the Board of Directors or Executive Officers, or individuals with connections to the Company that may influence their ability to act independently, must undergo a minimum waiting period of 1 (one) year before becoming an Independent Commissioner.
7. Waiting periods for:
 - a. Former Chief Executive Officers of the Company; and
 - b. Former members of the Board of Directors overseeing supervisory functions or Executive Officers performing supervisory functions in the Company, are at least 6 (six) months before becoming an Independent Commissioner in the Company.

8. The Independent Commissioner shall not have financial, managerial, ownership, affiliate, and/or familial relationships with other members of the Board of Commissioners, members of the Board of Directors, and/or controlling shareholders, or relationships with the Company that may affect the ability to act independently.
9. The Independent Commissioner shall not have any direct or indirect business relationships related to the Company's business activities.
10. The Independent Commissioner shall not own shares, either directly or indirectly, in the Company.
11. A Commissioner may transition to an Independent Commissioner in the Company or the Company's business group by meeting the requirements for an Independent Commissioner.
12. A Commissioner intending to transition to an Independent Commissioner in the Company must undergo a minimum waiting period of 1 (one) year.
13. The transition from Commissioner to Independent Commissioner requires approval from the Financial Services Authority through an assessment of competence and suitability in accordance with the Financial Services Authority Regulation on the assessment of competence and suitability for financial institutions.

Policy on Remuneration for the Board of Commissioners and Directors [GRI 2-19]

The determination of remuneration indicators for the Board of Commissioners and Directors follows the provisions outlined in the Regulation of the Minister of State-Owned Enterprises Number PER-13/MBU/09/2021, the Sixth Amendment to the Regulation of the Minister of State-Owned Enterprises No. PER-04/MBU/2014 concerning Guidelines for Determining Income for Directors, Board of Commissioners, and Supervisory Board of State-Owned Enterprises in establishing remuneration indicators for the Board of Commissioners and Directors. The determination of remuneration for the Board of Commissioners and Directors is also based on their goals and performance in managing the impact of the Company on the economy, environment, and society. [GRI 2-19]

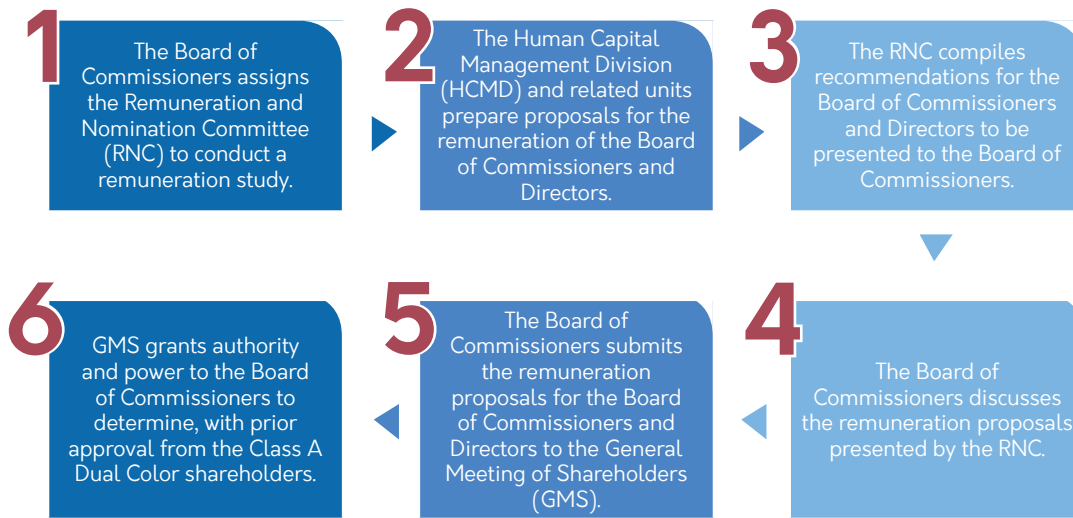
The salary or honorarium for the Board of Commissioners and Directors is determined, among other factors, based on the following:

1. Scale of business factor;
2. Complexity of business factor;
3. Inflation rate;
4. Company's financial condition and capability;
5. Other relevant factors and must not contradict laws and regulations; and
6. The composition of the salary or honorarium for Directors and the Board of Commissioners is determined as follows:
 - a. The salary of the President Director is determined using internal guidelines set by the minister;
 - b. The salary of the Vice President Director is 95% of the President Director's salary;
 - c. The salary of other members of the Board of Directors is 85% of the President Director's salary;
 - d. The honorarium of the President Commissioner is 45% of the President Director's salary;
 - e. The honorarium of the Vice President Commissioner is 42.5% of the President Director's salary; and
 - f. The honorarium of the Board of Commissioners is 90% of the President Commissioner's salary.

The determination of the above remuneration is also influenced by the achievement of Key Performance Indicators (KPIs). One parameter in the KPIs for the Directors includes ESG aspects. The remuneration packages and facilities received by the Board of Commissioners and Directors include a remuneration structure as per the table below: [GRI 2-19]

Type of Remuneration and Other Facilities	Board of Commissioners	Board of Directors
Remuneration		
Honorarium/Salary	✓	✓
Routine Allowances (Clothing Allowance and Income Tax Allowance)	✓	✓
Holiday Allowance	✓	✓
Bonus	✓	✓
Other facilities in kind (housing, health insurance, etc.)		
a. Can be owned		
Post-Retirement Insurance	✓	✓
b. Cannot be owned		
Housing Allowance	-	-
Health Allowance	-	-
Transportation Allowance	✓	✓
Communication Allowance	-	-

Procedure for Determining Remuneration for the Board of Commissioners and Directors [GRI 2-20]



In determining remuneration, the Company collaborates with Willis Towers Watson, responsible for benchmarking and/or conducting a Salary Survey.

The Company may delay the payment of deferred variable remuneration (Malus) or claw back already paid variable remuneration (Clawback) to employees classified as Material Risk Takers (MRT), considering factors such as: [GRI 2-19]

1. The extent of the Company's loss or reputational damage.
2. The involvement of the concerned employee directly or indirectly in actions or transactions.

Highest and Lowest Salary Ratio [GRI 2-21]

The Company actively strives to keep the gap in remuneration from being too high. the Company does not implement a unconditionally variable remuneration (RBV) policy, as such a policy is applied uniformly without considering the length of the working period. the Company's commitment is to implement a competitive, fair, and balanced remuneration system, ensuring that each employee receives compensation in accordance with the regulations set by the Government. the Company routinely reviews and updates remuneration policies to align them with industry developments and business strategies. Additionally, compliance aspects with relevant banking regulations regarding remuneration are gradually adopted.

The highest and lowest salary ratio over the past two years is as follows: [GRI 2-21]

Description	2023 Ratio	2022 Ratio
Highest and Lowest Employee Salaries	22.44 : 1	22.34:1
Highest and Lowest Director Salaries	1.18 : 1	1.18:1
Highest and Lowest Commissioner Salaries	1.11 : 1	1.11:1
Highest Director Salary to Highest Employee Salary	2.92 : 1	2.90:1

Description	Unit	2023	2022
Total annual compensation for the individual with the highest pay in the organization	Rupiah	18,933,904,119	14,001,936,005
Median total annual compensation for all employees in the organization, excluding the individual with the highest pay	Rupiah	184,671,636	177,921,128
Increase in total annual compensation for the individual with the highest pay in the organization	%		35.22
Increase in median total annual compensation for all employees in the organization, excluding the individual with the highest pay	%		3.79

Annual compensation data is obtained from the Human Capital Division.

Soft Structure GCG

In an effort to enhance the quality and scope of corporate governance implementation sustainably, the Company has designed and implemented a soft structure of corporate governance. Soft structure refers to a set of guidelines or written rules that regulate the relationships among organs within the Company with the aim of creating clear tasks, responsibilities, and authorities in accordance with applicable legal regulations, GCG principles, healthy business ethics, and best practices. the Company's soft structure consists of several rules or guidelines, including:

- Company Articles of Association;
- The working relationship between the Board of Commissioners and the Board of Directors, as approved in Joint Decree of the Board of Commissioners No. 01/DEKOM-BTN/2021 and the Board of Directors No. 01/DIR-BTN/2021;
- Guidelines for the Management of the Whistleblowing System through Technical Instruction No. PT.7-B.2 dated October 31, 2023;
- Specific Policy No. KK.6-E dated December 13, 2022, regarding the Guidelines for the Anti-Bribery Management System (ISO 37001:2016);
- Technical Instruction No. PT.6-E.1 dated December 21, 2022, regarding the Implementation Procedure of the Anti-Bribery Management System (ISO 37001:2016).
- GCG Guidelines approved in Special Policy No. KK.6-F dated August 25, 2023, regarding Good Corporate Governance Corporate Governance Procedures;
- Decision of the Board of Commissioners No. 05/KOM/BTN/2023 dated December 13, 2023, concerning the Guidelines and Working Procedures of the Board of Commissioners of PT Bank Tabungan Negara (Persero) Tbk;
- Guidelines and Working Procedures for the Board of Directors as outlined in Special Policy No. KK.6-G dated September 12, 2023, regarding Guidelines and Working Procedures for the Board of Directors.
- The Implementation of Gratification Control as ratified through Special Policy No. KK.6-A dated April 25, 2022, regarding the Gratification Control Procedure and Technical Guidelines No. PT.6-A.1 dated April 25, 2022, regarding the Implementation Guidelines of Gratification Control;
- The Business Ethics and Conduct Guidelines (Code of Conduct) ratified through Board of Directors Regulation No. 16/PD/CMPD/2015;
- Audit Committee Charter No. 06/KOM/BTN/2023 dated December 13, 2023, regarding Guidelines and Working Procedures for the Audit Committee;
- Remuneration and Nomination Committee Charter No. 07/KOM/BTN/2023 dated December 13, 2023, regarding Guidelines and Working Procedures for the Remuneration and Nomination Committee of PT Bank Tabungan Negara (Persero) Tbk;
- Risk Monitoring Committee Charter No. 08/KOM/BTN/2023 dated December 13, 2023, on Guidelines and Working Procedures for the Risk Monitoring Committee;
- Special Policy No. KK.9-D dated March 30, 2023, on Procedures for the Governance of the Board of Directors Committee;
- Special Policy No. KK.6-H dated October 10, 2023, regarding Conflict of Interest Handling Procedures;
- General Policy No. KU.6 dated December 5, 2022, regarding Law, Compliance, AML & CFT, and Corporate Governance;
- Special Policy No. KK.6-F dated August 28, 2023, on Corporate Governance Procedures for Good Corporate Governance; and
- Technical Instruction No. PT.6-F.1 dated September 15, 2023, on the Assessment of Corporate Governance (Good Corporate Governance).

Evaluation of the Performance of the Highest Governance Body [GRI 2-18]

The process of evaluating the performance of the highest governance body concerning the implementation of Good Corporate Governance (GCG) and the management of economic, environmental, and social impacts is conducted through a self-assessment process. The self-assessment is carried out periodically every year, specifically at the end of June and December, and is not conducted by a third party. This process involves the Board of Commissioners, the Board of Directors, and relevant units, considering predefined governance assessment factors to measure the level of achievement in implementing GCG. Information on the progress of the Company's self-assessment of governance in the last three years can be seen in the following table:

Table of Self-Assessment Results of Governance Implementation for the Years 2021—2023

2023	2022	2021
2	2	2

The self-assessment results, with a score of 2, reflect that the Company's management has successfully implemented governance practices at a level generally considered satisfactory. This achievement is evidenced by the adequate adherence to governance principles. Although there are some weaknesses in the implementation of these principles, overall, these weaknesses are deemed relatively insignificant and can be addressed through normal managerial actions by the company. Further details regarding the criteria, assessment scores, recommendations, and company follow-up actions based on the self-assessment results can be found in the Company's Annual Report. [GRI 2-18]

In addition to conducting GCG assessments, the company actively participates in the ranking and surveys of the Corporate Governance Perception Index (CGPI) organized by the Indonesian Institute for Corporate Governance (IICG) annually. CGPI is a research and ranking program that evaluates the quality of corporate governance. In 2023, the company achieved a CGPI score of 90.02 with the title "Most Trusted Company." This result reflects the commitment and strong implementation of corporate governance practices, demonstrating the company's reliability in governance aspects.

In addition to GCG and CGPI assessments, the company also actively participates in other assessments through the ASEAN Corporate Governance Scorecard (ACGS). ACGS is a parameter for measuring governance practices agreed upon by the ASEAN Capital Market Forum (ACMF). This parameter is based on the Organization for Economic Cooperation and Development (OECD) standards, outlined in the OECD Principles, aimed at supporting corporate governance practices.

ACGS also aims to promote companies in ASEAN member countries as reputable assets, thus enhancing global investor confidence in the quality of companies in the region. Each ASEAN country appoints representatives from the Domestic Ranking Body (DRB) and Corporate Governance (CG) Expert to conduct assessments based on the ACGS parameters. In Indonesia, the representatives of DRB and CG Expert are represented by PT RSM Indonesia.

Sustainability Governance Structure [GRI 2-9, 2-12, 2-13, 2-18]

The ESG Committee established by the Company to achieve Sustainable Development Goals and climate targets, chaired by the CEO and composed of the Board of Directors and SEVP. The ESG Committee is responsible for formulating policies, strategies, and targets for ESG and TJSL programs impacting the environment, social aspects, and governance. Additionally, the ESG committee oversees ESG risks and opportunities, as well as decision-making related to the implementation of the Company's ESG and TJSL programs through annual meetings. [2-18]

The roles and responsibilities of the ESG Committee are as follows: [GRI 2-9, 2-12, 2-13]

1. Establishing improvement measures regarding ESG and TJSL Programs covering Community Development, Micro and Small Business Financing (PUMK/Program Pendanaan Usaha Mikro dan Kecil), Sustainable Financial Action Plans, and business activities in the bank's responsibility to the community for business risks arising from the bank and reporting them to the Board of Directors;
2. Making decisions on bank strategies impacting the environment, society, and communities in ESG Programs and Roadmaps;
3. Monitoring the implementation of monitoring of the Bank's ESG Strategy and Roadmap;
4. Providing information to Bank management on all ESG-related issues, including legislation, government programs, international developments, future business trends, and climate change;
5. Monitoring, evaluating, and providing recommendations on ESG report outcomes, investor concerns, or other third parties regarding ESG implementation; and
6. Making decisions regarding:
 - a. Objectives and Implementation Guidelines of the CSR Program;
 - b. Mapping and Development of the CSR Program; and
 - c. Evaluation of the Implementation of the CSR Program.

Membership Structure

The ESG Committee is governed by Special Policy No. KK.9-D on Committee Governance Procedures, and its composition within the Board of Directors is as follows:

Struckture	Position
Chairperson (also serving as permanent member)	President Director
Board of Directors (also serving as permanent member)	Vice President Director *) Director in charge of Risk Management **) Director in charge of Human Capital, Compliance & Legal Director in charge of Asset Management Director in charge of Finance
Board of Directors/SEVP	SEVP Wholesale Banking (Permanent Member) Director/SEVP relevant to discussion agenda (Non-permanent Member)) SEVP in charge of Compliance and Legal (Non-permanent Member)

*) Substitute Chairman I

***) Substitute Chairman II

RISK MANAGEMENT [GRI 2-23][OJK E.3]

As a bank primarily focused on providing credit and housing financing, the Company possesses a portfolio of assets predominantly composed of mortgage loans. This portfolio can be influenced by various factors, both internal and external, such as changes in business climate, inflation, and interest rates. To mitigate the negative impacts of these factors, risk management needs to be conducted continuously.

In this context, principles of Good Corporate Governance (GCG) serve as the primary foundation for risk management. Through the implementation of GCG, the Company can ensure that policies and procedures adopted to manage risks can achieve a high level of transparency, accountability, and sustainability. This involves not only making appropriate decisions but also ensuring that the entire risk management process adheres to high standards of ethics and integrity.

Given the complexity of its operations, the Company has managed 8 (eight) types of risks, namely: (1) credit risk; (2) liquidity risk; (3) market risk; (4) operational risk; (5) legal risk; (6) reputational risk; (7) strategic risk; and (8) compliance risk.

In order to mitigate the negative impacts of various risks, the Company has developed risk management policy guidelines to address potential adverse effects arising from diverse risks. In accordance with Financial Services Authority Regulation No. 18/POJK.03/2016 concerning the Implementation of Risk Management for Commercial Banks, banks are required to effectively implement risk management in handling risks. To effectively implement risk management, the Company has formulated risk management policies outlined in a risk management policy and at least conducts annual reviews and/or updates. Reviews are conducted to ensure that the risk management process is easily understood by both risk owners and risk managers. The Company is currently aligning its internal policy structure with the transformation of new policy and procedure architectures. Policies and procedures are adjusted according to the policy hierarchy from the highest, which is general policy, to specific policies, and technical regulations.

Furthermore, the Company also conducts impact and risk assessments on:

1. The development of new products and activities (both fund and credit products) through the delivery of risk studies and the materiality level of products, considering business aspects, customers, operations, information technology, compliance, legal, and financial aspects;
2. Bank BTN's technology/applications related to data privacy and cybersecurity;
3. Responsible investments; and
4. Human resources development policies.



In efforts to control risks and ensure sustainable healthy performance while achieving corporate objectives, Bank BTN implements comprehensive risk management. The Company's risk management system is supported by four pillars of risk management implementation, namely:



Active Oversight by the Board of Commissioners and the Board of Directors

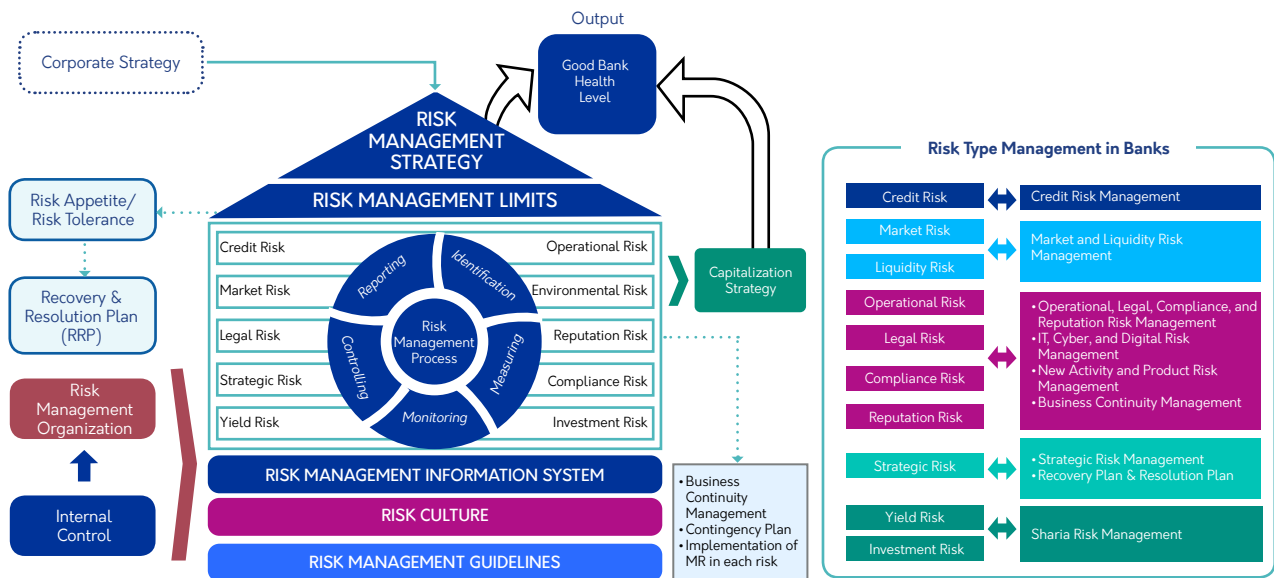
Risk management is carried out through active oversight by the Board of Commissioners, the Board of Directors, and the Risk Management Unit depicted in the risk management organization as follows:



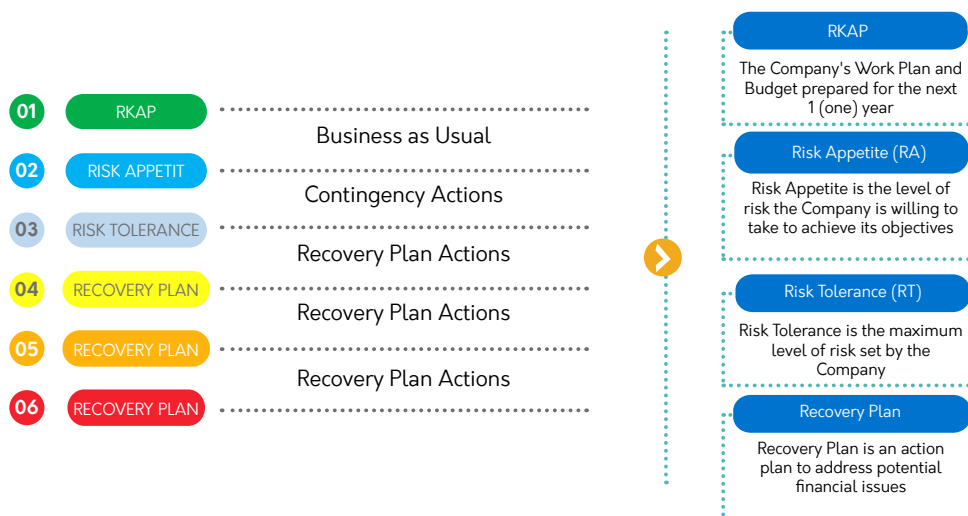
The Board of Commissioners and the Board of Directors are assisted by several committees in carrying out banking tasks and activities in accordance with applicable regulatory provisions. Furthermore, responsibilities are delegated to the layers below the Board of Commissioners and the Board of Directors, namely the Risk Management Unit, Compliance Unit, Internal Audit Unit, and Policy Unit.

Adequacy of Risk Management Policies and Procedures and Risk Limit Setting

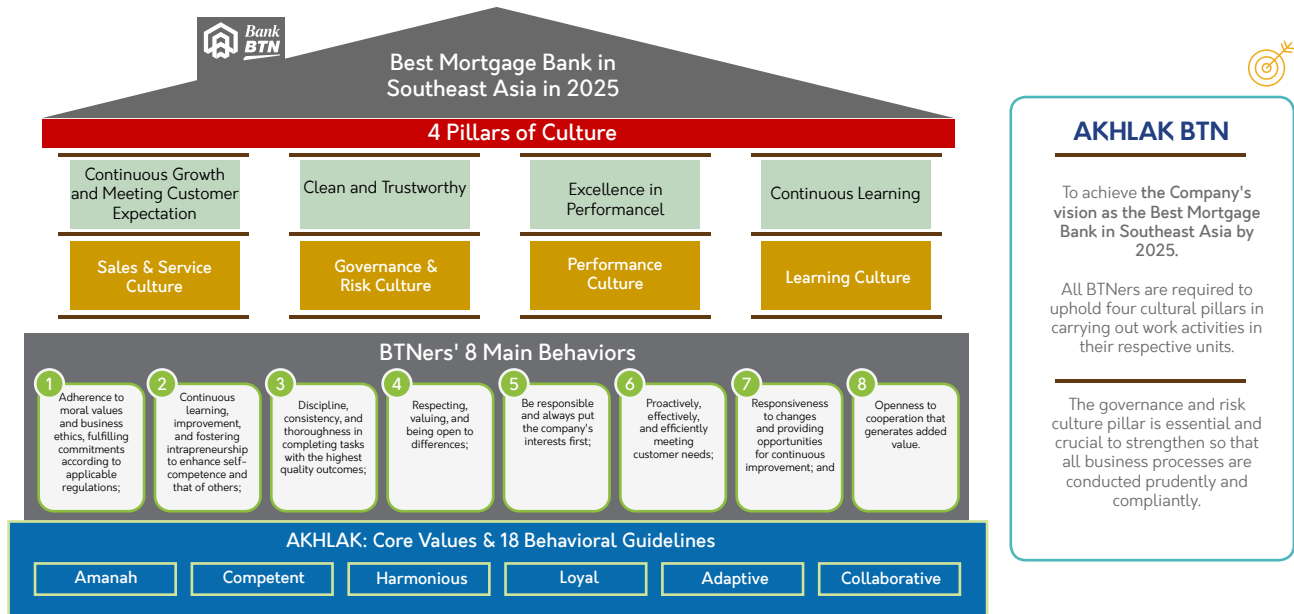
To execute risk management effectively, adequate risk management policies and procedures are required. Currently, the Company is undergoing a transformation of policy and procedure architecture, following the hierarchy of the ideal policy pyramid. In line with this, the Company is currently improving the General Risk Management Policy as the highest policy in risk management implementation. This policy framework covers all activities in the implementation of the Company's risk management. The mapping of the general risk management policy starts from risk management strategy, the Company's risk management, to the expected objectives, namely a good bank health level.



In addition to ensuring the presence of adequate risk management policies and procedures, the Company has also implemented a series of processes in setting risk limits. This setting process is regulated and explained by adjusting to the company's work plan and budget (RKAP) as well as the recovery plan according to applicable regulations. Here is a brief overview of the limit-setting process:



In strengthening risk management policies and procedures, the Company also integrates risk management as one of the pillars of the company's culture, namely governance and risk culture. This pillar plays a very important and crucial role in strengthening to ensure that all business processes are conducted prudently and comply with applicable standards.



AKHLAK BTN

To achieve the Company's vision as the Best Mortgage Bank in Southeast Asia by 2025, all BTNers are required to uphold four cultural pillars in carrying out work activities in their respective units. The governance and risk culture pillar is essential and crucial to strengthen so that all business processes are conducted prudently and compliantly.

Based on the above diagram, to support Bank BTN's objectives based on the Core Values of AKHLAK dan BTNers' 8 Main Behaviors, there are four cultural pillars that serve as the main foundation of the Corporate Culture Program for the years 2023 - 2024, with the aim of:

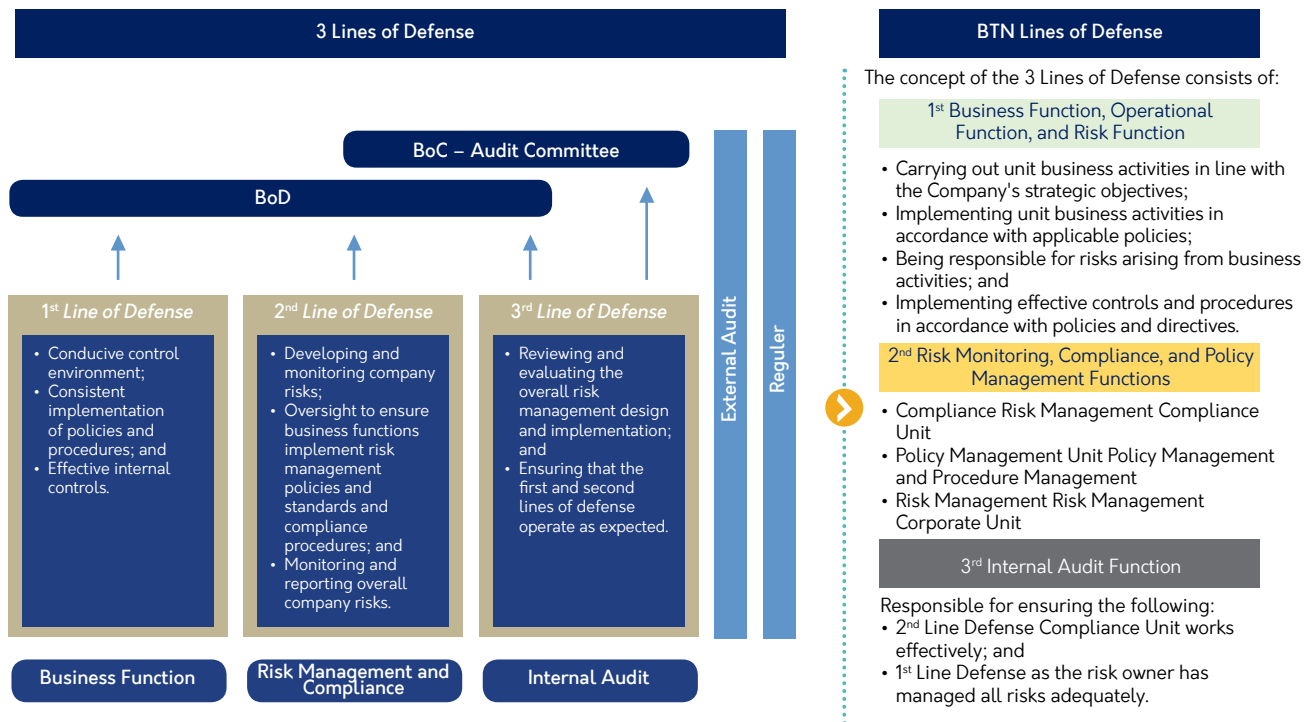
1. Sales & Service Culture – Continuous Growth and Meeting Customer Expectations
Achieving the end state of increasing sales of funding, lending, and digital products, as well as improving service quality to drive Bank BTN's business and performance.
2. Risk & Governance Culture – Clean and Trustworthy
Building awareness and understanding of risks and their mitigation, and consistently and comprehensively applying risk management principles.
3. Performance Culture – Excellence in Performance
Efforts to improve performance to achieve set goals.
4. Learning Culture – Continuous Learning

In order to maintain the adequacy of risk management policies, procedures, and risk limit setting, the Company conducts a review of internal policies. This review aims to ensure that internal policies are always in line with the latest regulations from regulators. The review is conducted by analyzing gaps and accommodating best practices commonly used in the banking industry to improve the quality of risk management implementation. Reviews of internal policies are conducted periodically, at least once a year, by the Board of Commissioners and the Board of Directors.

Risk Control System

In the effort to effectively implement risk management, the Company complements the internal control system. This system aims to safeguard assets, ensure the availability of reliable financial and managerial reports, increase compliance with laws and regulations, and reduce the risk of losses, deviations, and violations of prudential aspects.

The establishment of a reliable and effective internal control system is the responsibility of all operational units and supporting units, as well as the Internal Audit Unit. This process can be described as follows:



Risk Management Unit (RMU)

The Risk Management Unit serves as a unit directly under the responsibility of the Director overseeing the Risk Management function. This unit leads the risk management function and operates independently from Operational Units, which are risk-taking units, Internal Audit Units, and Compliance Units. The Company's risk governance based on GCG principles is realized through the involvement of all organs in risk management. This can be seen from the organizational structure of the Company's risk management.

The Risk Management Unit (RMU) at Bank BTN is led by a Division Head who reports directly to the Director of Risk Management. Currently, the Risk Management Unit consists of 4 (four) divisions, including the Enterprise & ESG Risk Management Division, Digital & Operations Risk Management Division, Wholesale Credit Risk Division, and Retail Credit Risk Division.

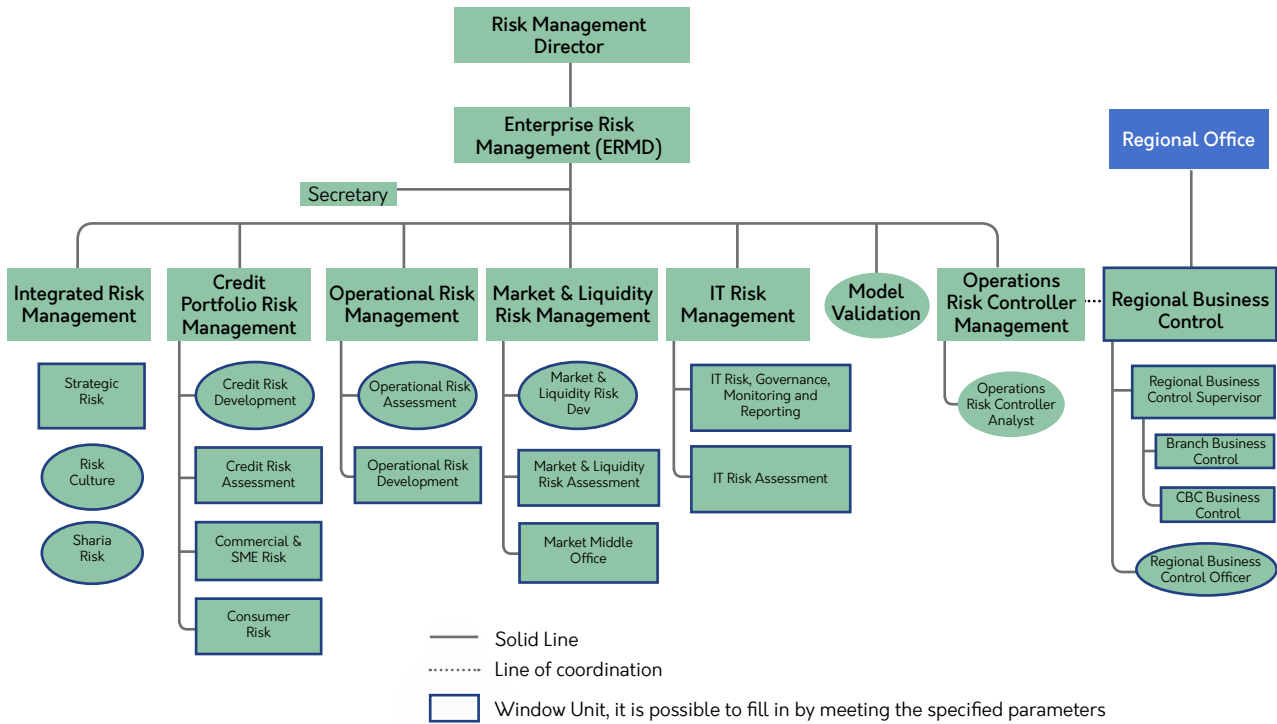
The Enterprise & ESG Risk Management Division consists of the following departments, such as ESG Department, Integrated Risk Management Department, Credit Portfolio Risk Management Department, Market & Liquidity Management Department, and Model Validation Department.

The Enterprise & ESG Risk Management Division comprises the ESG Division, Integrated Risk Management Department, Credit Portfolio Risk Management Department, Market & Liquidity Management Department, and Model Validation. The Digital & Operations Risk Management Division consists of the Fraud Risk Management Department, Digital Risk Management Department, Operational Risk Management Department, Regional Operational Risk Control Department, and Operational Risk Control Department. Meanwhile, the Wholesale Credit Risk Division and Retail Credit Risk Division adhere to the four eyes principle and are included in the 1.5 line of model.

The Board of Commissioners, through the Risk Monitoring Committee meeting, and the Board of Directors, through the Risk Management Committee meeting, are responsible for ensuring that risk management implementation in the Company is adequate according to the characteristics, complexity, and risk profile faced. Both committees actively engage in the risk management process to mitigate Company risks, adhering to the Quality of Risk Management Implementation (QRMI) standards. These standards cover aspects of risk governance, risk management frameworks, risk management processes, adequacy of management information systems, and adequacy of internal control systems.

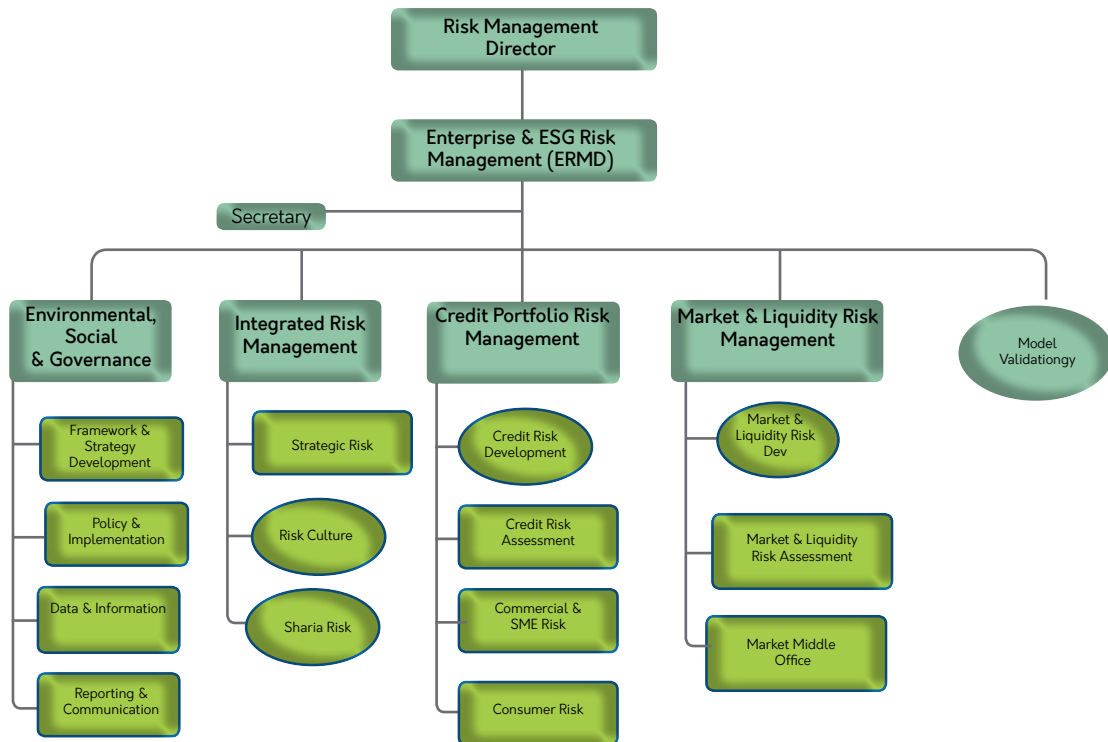
As of December 31, 2023, the Organizational Structure of the Enterprise & Risk Management Division is as follows:

Organizational Structure of Enterprise Risk Management Division



In December 2023, the Board of Commissioners approved Phase I organizational structure changes related to strengthening digital banking capabilities, which were implemented in January 2024. Consequently, the Risk Management Work Unit under the Director of Risk Management is as follows:

Organizational Structure of Enterprise & ESG Risk Management Division



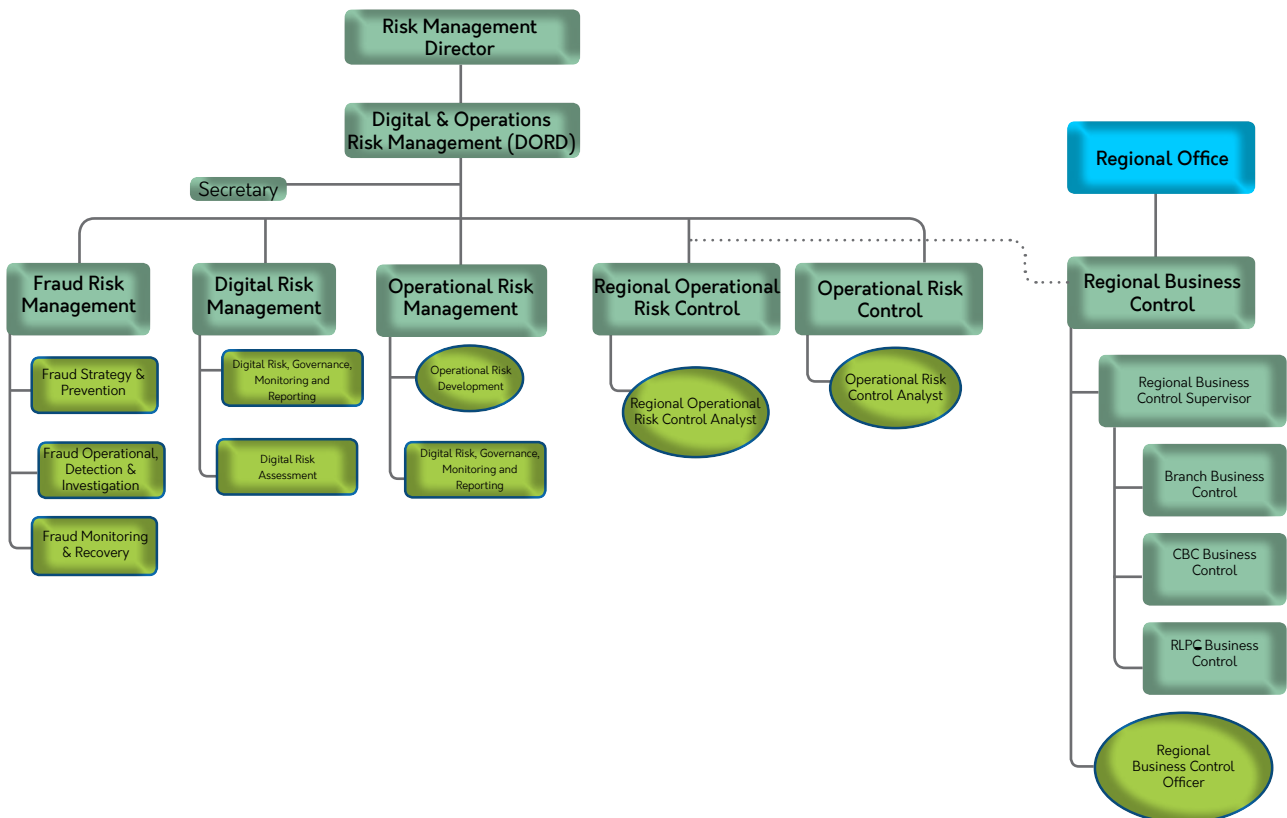
The Enterprise & ESG Risk Management Unit is led by BOD-1 and functions as a control tower that is directive, controlling, and supportive in the implementation of ESG principles. As a control tower, the Enterprise Risk Management Unit not only acts as the 2nd line of supervision but also as a 1.5 line to develop strategies, initiatives, and ESG roadmaps. The Enterprise Risk Management Unit is responsible for overseeing the implementation of the ESG roadmap and continuously evaluating established ESG strategies. Therefore, the Enterprise Risk Management Unit plays a crucial role in ensuring that ESG implementation is effectively and consistently integrated into every activity of the Company.



ESG ROADMAP SOCIALIZATION

On December 18, 2023, the Company held a National Work Meeting to present the work plan for the year 2024. During this occasion, the ESG Department team presented the ESG roadmap to the Controlling Shareholders, namely the Government of the Republic of Indonesia, as a demonstration of the Company's readiness to conduct responsible banking practices. This includes plans on how the Bank manages environmental impacts, addresses social issues, and maintains high standards of governance in banking operations.

Organizational Structure of Digital & Operations Risk Management Division



In line with the IT & digital risk roadmap and the ongoing trend of increasing risks in the digital IT and operational areas, the formation of the Digital & Operations Risk Management Division is being initiated. This division will also be implemented in January 2024.

Risk Management Policy and Procedures

The Company has established guidelines in the field of risk management, known as the General Risk Management Policy (KUMR), which includes the minimum provisions required by the regulations of Bank Indonesia/Financial Services Authority.

These risk management policy guidelines are complemented by internal policies, including Implementation Instructions for Reporting and Assessment of the Bank's Risk Profile, Implementation of Reporting and Assessment of the Bank's Health Level, Risk Model Validation Procedures, Implementation Guidelines for Risk Data Collection for the BTN-Loss Event Database (BTN-LED Tool), Implementation Instructions for Liquidity Risk Measurement Processes, Implementation Instructions for Calculating and Reporting Liquidity Adequacy Ratios (Liquidity Coverage Ratio), Implementation Instructions for Market Risk Measurement Processes, Interest Rate Risk Management in the Banking Book, Stress Testing Implementation Guidelines, Risk Model Validation Procedures, Liquidity Monitoring Guidelines, Risk Management Policy Guidelines (PKMR), Risk & Control Self-Assessment, Implementation Instructions for Action Plans (Recovery Plan), Risk Culture, Guidelines and Assessment of Branch and Sharia Branch Risk Profiles, Internal Credit Rating (ICR) Processes, Implementation Instructions for Credit Scoring Model (CSM) Processes, Commercial Credit and Consumer Credit Authority Limits, Implementation Instructions for Calculation of Impairment Loss Reserves (CKPN), Policy for Debtors Affected by Covid-19, Business Continuity Management (BCM), Standard Operating Procedure (SOP) for Business Continuity Plan (BCP), Standard Operating Disaster Recovery Plan (DRP), and Standard Operating Business Impact Analysis (BIA).

Periodic reviews of internal policies are conducted to ensure compliance with the latest regulatory requirements by performing gap analyses and accommodating best practices commonly used in the banking industry to enhance the quality of risk management implementation. The continuous improvement of the risk management information system focuses on enhancing the quality of the risk database, with the aim of gradual development and application into the risk management information system. This ensures that risk measurement and monitoring processes can be integrated and presented in a timely manner.

Risk Profile Assessment [GRI 2-16]

To provide a comprehensive and sustainable overview of risks, the Company routinely conducts a self-assessment of the Bank's health level (TKB) and prepares a Risk Profile Report. The self-assessment of TKB, referring to the regulations POJK No. 4/POJK.03/2016 and OJK SE No. 14/SEOJK.03/2017 regarding the Assessment of the Health Level of Commercial Banks, is conducted every semester, while the Risk Profile Report is prepared every quarter. The assessment of TKB includes the evaluation of risk profiles (comprising inherent risk and the quality of risk management implementation), profitability aspects, governance, and capital. The risk profile assessment covers credit risk, market risk, liquidity risk, operational risk, legal risk, strategic risk, compliance risk, and reputation risk. Specifically for the risk profile assessment of Sharia Business Units, there are additional 2 (two) types of assessed risks, namely yield risk and investment risk. The risk profile assessment includes evaluations of Inherent Risk and the Quality of Risk Management Implementation in the Bank's operational activities.

In general, based on the self-assessment of the Risk Profile for Q4 2023, efforts are made to be at the Low to Moderate level. This means that the potential losses faced by the Bank from composite inherent risks are classified as Low to Moderate, with the overall quality of risk management implementation being Satisfactory. The details are as follows:

Risk Type	Inherent Risk Rating	KPMR Rating	Risk Level Rating
Credit Risk	Low to Moderate	Satisfactory	Low to Moderate
Market Risk	Low to Moderate	Satisfactory	Low to Moderate
Liquidity Risk	Low to Moderate	Satisfactory	Low to Moderate
Operational Risk	Low to Moderate	Satisfactory	Low to Moderate
Legal Risk	Low to Moderate	Satisfactory	Low to Moderate
Strategic Risk	Low to Moderate	Satisfactory	Low to Moderate
Compliance Risk	Low to Moderate	Satisfactory	Low to Moderate
Reputation Risk	Low to Moderate	Satisfactory	Low to Moderate

Implementation of Basel

In the context of risk management, particularly the implementation of Basel II and Pillar 1, which applies to all commercial banks, the Company has fulfilled the following provisions:

Requirement	Status
The bank has implemented market risk measurement using the standardized model as stipulated in OJK Regulation No. 38/SEOJK.03/2016 dated September 15, 2016, concerning Guidelines for the Use of the Standardized Method in Calculating the Minimum Capital Adequacy Ratio for Commercial Banks, Considering Market Risk. The portfolio considered in determining the market risk weighted assets (KPMM) consists of the trading book portfolio for interest rate risk, as well as the trading book and banking book portfolios for exchange rate risk. In 2023, the bank prepared for OJK Regulation No. 23/SEOJK.03/2022 dated December 7, 2022, regarding the Calculation of Risk-Weighted Assets for Market Risk for Commercial Banks, which will be implemented starting January 1, 2024, by conducting trial calculations and reporting to OJK for ATMR Market positions in June 2023, September 2023, and December 2023.	✓

Implementation of Basel II Pillar 2

Requirement	Status
The bank has submitted the results of the risk management application for Interest Rate in the Banking Book (IRRBB) and the calculation report of IRRBB to the regulator on a quarterly basis in accordance with OJK Regulation No. 12/SEOJK.03/2018 dated August 21, 2018, regarding the Implementation of Risk Management and Measurement of the Standardized Approach for Interest Rate Risk in The Banking Book for banks.	✓

Implementation of Basel III

Requirement	Status
Regarding the regulator's plan to implement Basel III as regulated in OJK Regulation No. 11/POJK.03/2016, the Company has specifically maintained a Capital Adequacy Ratio (CAR) of 20.17%, above the minimum requirement under the Basel III framework, which is 10.5%.	✓

IMPLEMENTATION OF PRINCIPLES OF PRUDENCE [GRI 2-23]

Know Your Customer (KYC) dan Know Your Employee (KYE)

To strengthen the implementation of prudential principles, the Company adopts the know your customer (KYC) and know your employee (KYE) approaches in managing operational risks in banking business activities. The KYC approach has evolved into customer due diligence (CDD), which includes identification, verification, and monitoring activities conducted by the Company to ensure that transactions comply with the profile of prospective customers, walk-in customers (WIC), or existing customers, in accordance with PBI No. 14/27/PBI/2012. To enhance employees' understanding of the implementation of prudential principles, the Company provides access to online training with CDD materials containing relevant case examples related to prudential principles.

Anti-Money Laundering (AML), Countering the Financing of Terrorism (CFT), and Countering the Proliferation of Weapons of Mass Destruction (CPWMD)

The Company implements AML, CFT, and CPWMD programs in customer identification activities in accordance with applicable regulations. As part of efforts to enhance the effectiveness of the AML, CFT, and CPWMD programs to meet regulatory requirements, the Company has established a Special Working Unit (SWU) for AML, CFT, and CPWMD at the Head Office. Furthermore, the implementation of AML, CFT, and CPWMD programs at regional offices and branch offices is the responsibility of each Regional Office Head and Branch Manager.

In addition to implementation at the head office, the Company also ensures that the AML, CFT, and CPWMD SWU program is implemented at regional offices and branch offices. This is intended to promote the effective implementation of these programs and comply with regulatory requirements.

Anti-Money Laundering and Counter-Terrorism Financing Program (AML and CTF)

Submission of Reports and Data to Regulators and/or the People's Consultative Assembly (APH) includes several components, including:

1. Submitting Financial Transaction Reports to the Financial Transaction Reports and Analysis Center (PPATK) as follows:
 - a. Cash Financial Transaction Reports (LTKT)
 - b. Suspicious Financial Transaction Reports (LTKM)
 - c. Reports on Fund Transfer Financial Transactions to and from Abroad (LTKL)
 - d. Integrated Service User Information System (SIPESAT)
2. Submitting Compliance Data/Information to Law Enforcement & Regulators as follows:
 - a. Anti-Money Laundering and Counter-Terrorism Financing Program Information System (SIGAP) to OJK
 - b. AML and CTF Reports through the OJK APOLO Application
 - c. Suspected Terrorism Financing Information System (SIPENDAR) to PPATK
 - d. Electronic Data Exchange (PEDAL) to the Corruption Eradication Commission (KPK)
 - e. Fulfilling Data Requests from Other Institutions such as the Police, National Narcotics Agency, and Prosecutor's Office.
3. Submitting Reports related to the Implementation of Elections and Regional Elections to PPATK as follows:
 - a. Participating in the Collaborative Analysis Team (CAT), which is a collaboration for exchanging information between the Public Sector, including PPATK, reporting entities, Regulatory and Supervisory Agencies (LPP), and Law Enforcement Agencies.
 - b. Monitoring Special Campaign Fund Accounts (RKDK).
 - c. Screening the Treasurers of Political Parties, Central and Regional Boards.
 - d. Screening the List of Permanent Candidates (DCT) for the 2024 Elections.
 - e. Submitting all reports and information requests related to the implementation of the 2024 Elections and Regional Elections.

Strategic Initiative Awareness Program

1. AML Creative Campaign 2023
 - a. AMOLA TikTok Competition 2023
The AMOLA TikTok Competition is a content creation competition with themes related to AML, CTF, and CWMD through the TikTok social media platform, using the AMOLA Create Jingle from 2022. Participants in the AMOLA TikTok Competition include representatives from each Work Unit at the Head Office, Regional Offices, and Branch Offices.
 - b. AMOLA Mini-Series Tahun 2023
The AMOLA Mini-Series is a short film with themes revolving around the implementation of AML, CTF, and CWMD programs, covering Money Laundering Typologies, Money Laundering Stages, and the Principles of Knowing Your Customer (KYC)/Customer Due Diligence (CDD), consisting of 3 episodes. The AMOLA Mini-Series has been widely broadcasted through various internal BTN media.
2. Internalization of AML, CTF, and CWMD Awareness 2023
 - a. AML, CTF, and CWMD Webinar 2023
BTN conducts an On-Boarding Session for AML, CTF, and CWMD in 2023 through a webinar featuring external speakers (e.g., PPARK and Banking Practitioners).
 - b. AML, CTF, and CWMD Workshop 2023
BTN organizes an Internalization Workshop for the provisions of OJK Regulation No. 8/2023 to enhance employee understanding and compliance related to the impact of the implementation of OJK Regulation No. 8/2023.
3. Branch Visit dan Surprise Review
Branch Visits are conducted to increase awareness at branch offices through the internalization of all branch offices, considering the distribution of the most Suspicious Financial Transaction Reports (LTKM), including ownership of foreigners from high-risk countries, as well as auditees from the 2022 AML and CTF thematic audits. In addition, Surprise Reviews are conducted at visited branch offices to ensure employee understanding and evaluate the effectiveness of Branch Visit activities.

Enhanced Due Diligence and High Risk Jurisdiction

The Company conducts Enhanced Due Diligence (EDD) and proportional and appropriate preventive measures (countermeasures) to mitigate risks associated with business relationships, transactions, prospective customers, Politically Exposed Persons (PEP), and/or customers originating from high-risk countries as published by the Financial Action Task Force (FATF). In monitoring High-Risk Jurisdictions, the Company utilizes the AML, CTF, and CPWMD system

accessible to all AML, CFT, and CPWMD officers on the front line (customer service).

Based on the list of high-risk countries according to FATF provisions, the Company is committed to implementing countermeasures, EDD, and reporting suspicious activities in the AML, CFT, and CPWMD application for prospective customers, customers, beneficial owners, conductors, and/or Politically Exposed Persons (PEP) originating from countries/jurisdictions classified as High-Risk Jurisdictions subject to a Call for Action based on the respective category. The Company also conducts EDD on prospective customers, customers, beneficial owners, conductors, and/or Politically Exposed Persons (PEP) originating from countries/jurisdictions falling into the category of Jurisdictions with strategic deficiencies.

REQUIREMENTS FOR ENVIRONMENTAL AND SOCIAL IMPACT MANAGEMENT [GRI 2-25][SASB FN-CB-410A.2]

The Company assumes an indirect responsibility in addressing potential environmental and social impacts that may be caused by debtors. If there is non-compliance in managing environmental and social impacts, it can affect credit and reputation risks. This responsibility aligns with the bank's role in performing intermediary functions.

Consistently, the Company manages environmental risks in the financing or credit disbursement processes. This approach is in line with the implementation of sustainable finance concepts and Bank Indonesia Regulation (PBI) No. 7/2/2005 on the Assessment of the Quality of Commercial Bank Assets. The regulation stipulates that the assessment of business prospects, as part of credit quality evaluation, includes an evaluation of the efforts made by debtors to maintain environmental sustainability. [FS1]

The commercial credit portfolio is the primary focus for the Company's growth. In this regard, the Company has formulated specific policies and procedures for the disbursement of commercial credit, taking into account environmental and social dimensions. These actions are taken to support commercial credit disbursement while upholding the principles of banking prudence and good corporate governance.

Within the Circular Letter of the Board of Directors of PT Bank Tabungan Negara (Persero) Tbk. Number: 17/DIR/CMLD/2016, regulations related to project legality have been established, including: [FS1, FS2][SASB FN-CB-240a.3]

1. Land/property allocation permit;
2. Approved site plan by a legitimate and authorized party;
3. Building permit;
4. Proof of ownership;
5. Copy of Land and Building Tax Payment Slip (SPPT);
6. Proof of access road ownership;
7. Certificate stating flood-free status;
8. Information from the Regional Drinking Water Company (PDAM);
9. Environmental feasibility certificate or environmental impact analysis (AMDAL) efforts.

The Environmental Impact Analysis (AMDAL) is an evaluation of the potential impacts that may arise from the presence or planned business and/or activities on the surrounding environment. AMDAL is an integral part of the permitting requirements needed for the decision-making process related to the implementation of such business plans and/or activities. The preparation of AMDAL is carried out during the project planning stage anticipated to have an impact on the surrounding environment, involving abiotic, biotic, and cultural aspects. The legal basis for AMDAL in Indonesia is regulated by Government Regulation No. 27 of 2012 concerning Environmental Permits.

The Company has begun implementing credit risk assessments by considering the results of AMDAL before deciding to provide credit to a project. Subsequent actions involve direct field monitoring or review by the Company to verify that potential debtors have complied with all environmental regulations. This approach is an implementation of the principle of prudence in credit risk management. [FS,1 FS2, FS5]

Furthermore, the Company's efforts to preserve the environment and social aspects are reflected in provisions that align with the slogan "one house one tree." Each house built is required to have green areas and planted trees. In addition, residential areas must be equipped with public facilities (fasum) and social facilities (fasos). [FS3]

The Company periodically conducts audits to ensure the effectiveness of these initiatives, including identifying follow-up steps in case of violations. This audit is conducted annually by the Internal Audit Unit. During general audits at branch offices, auditors use sampling techniques. In this context, auditors examine to evaluate compliance with existing policies. If discrepancies are found, the audit team will investigate the causes and formulate improvement recommendations. The audited party or branch office (auditee) is required to commit to the necessary improvements, which will be periodically monitored. [F.10][FS9]

CODE OF ETHICS AND BUSINESS ETHICS [GRI 2-23][GRI 2-24]

The Code of Ethics is a manifestation of the Company's commitment to implementing Good Corporate Governance (GCG) with high standards, referring to the best practices of credible and trustworthy banking institutions. Credibility and trust from the public, shareholders, and customers are essential factors in the development and sustainability of the Company. All business activities conducted by the Company must comply with applicable regulations and laws while upholding norms and ethics.

Awareness of the application of good ethics will enhance the Company's positive reputation and build an image as a company with good social responsibility (good corporate citizen). Therefore, the Company is committed to maintaining integrity by implementing ethical guidelines and behaviors as the basis for the attitudes and actions of all company personnel, enabling them to work professionally and ethically, guided by fundamental principles, vision, mission, values, and applicable internal and external regulations.

The Company establishes ethical standards and behaviors aligned with the vision, mission, and cultural values of the Company in performing every activity. This is realized through the implementation of the Code of Conduct for Business Ethics and Behavior of the Company, which has been ratified through Board Regulation No. 16/PD/CMPD/2015. Behavior in line with the code of ethics and business ethics has a significant impact on reputation risk, which can further influence the operational and credit risks of the Company.

The implementation of the Code of Ethics aims to shape ideal behavior and build a work culture based on noble values believed by the Company's personnel. This Code of Ethics consists of four (4) chapters, briefly outlined as follows:

1. Introduction

The Code of Ethics is a codification or compilation of policies, employee regulations, and agreements that have been jointly established between the bank and employees that will affect, shape, and set standards of behavior for both management and employees in carrying out all business activities.

The consistent implementation of the Code of Ethics, whether in compliance or non-compliance, is one aspect of employee performance assessment. Therefore, this Code of Ethics will always serve as a guide in the formulation of policies, procedures, and management practices within the Company. Consistent implementation of the Code of Ethics will demonstrate that the Company upholds noble business values and ethics in conducting its business, as well as in upholding the principles of corporate governance.

2. Business Ethics Standards

Business ethics standards regulate ethical guidelines in various lines of business activities. The standards cover ethics between the bank and its employees, ethics between the bank and customers, ethics between the bank and suppliers of goods and services, ethics between the bank and competitors, ethics between the bank and business partners, ethics between the bank and the government, ethics between the bank and the community, ethics between the bank and mass media, as well as ethics between the bank and professional organizations.

3. Policy on Employee Behavior Standards is as follows:

- Employees must always avoid conditions, situations, or impressions of conflicts of interest and abuse of positions.
- Members of the Board of Commissioners and Directors, as well as employees of the Company, are prohibited from giving and receiving anything for their benefit, directly or indirectly, from business partners that could influence decisions.
- The Company's organs and employees must comply with laws and company regulations.

4. Implementation and Enforcement

Every employee of the Company must report any deviation from the Corporate Code of Conduct to the Human Capital Management & Culture Specialist Division. The Company will ensure the protection and confidentiality of the reporter's identity. The Human Capital Management & Culture Specialist Division is then responsible for following up on each report and presenting its findings to the Board of Directors and/or Commissioners within the scope of its responsibilities. Decisions regarding coaching, disciplinary sanctions, and/or corrective actions will be made by the Board of Directors and Commissioners. Additionally, the Company will establish procedures or prevention policies to be implemented by direct supervisors in their respective work environments. [GRI 2-16]

Business Ethics and Conduct Guidelines (Code of Conduct) of the Company are accessible to the public through the Company's official website. The Business Ethics Guidelines and Code of Ethics are also in line with the respect for Human Rights as outlined in the UN Guiding Principles on Business and Human Rights (UNGP BHR) and consistently require all actions to be applied with the principle of caution. The implementation of the Company's Code of Ethics obliges all individuals within the Company to conduct thorough due diligence through: [GRI 2-23]

Compliance with the Code of Ethics

Statement on the Enforcement of the Code of Ethics for the Board of Directors, Board of Commissioners, and Employees

The code of ethics applies to members of the highest governance and employees in carrying out every business activity of the Company, including when interacting with stakeholders. The enforcement of the code of ethics for all levels of the organization was officially ratified through Board of Directors Regulation No. 16/PD/CMPD/2015 dated December 31, 2015, concerning Business Ethics and Conduct Guidelines. The Company requires every individual within the Company to sign the Integrity Pact to be implemented to the best of their abilities. The success of the implementation of the code of ethics is the responsibility of all leaders in their respective work unit environments. Therefore, all unit leaders are required to provide an understanding of the implementation of the code of ethics to employees in their respective work units.

The implementation of the code of ethics within the Company is carried out comprehensively and includes introduction, campaigns, implementation, reporting, and follow-up on violations of the code of ethics. [GRI 2-23]

Socialization	Implementation	Reporting and Follow Up
<ul style="list-style-type: none"> The code of ethics is socialized and accessible to all individuals within the Company through the Digital Room for E-learning Modules (DREAM). Additionally, there are quizzes conducted on the code of ethics to assess the level of understanding among employees; and Commitment to the implementation of the code of ethics is also formalized in the Integrity Pact, which is mandatory for all members of the Board of Directors, Board of Commissioners, and Company Employees to sign. Furthermore, the code of ethics is accessible to all stakeholders of the Company through the website. 	<ul style="list-style-type: none"> Fulfillment and signing of the Integrity Pact by all employees in accordance with the values of the code of ethics; Internalization of the code of ethics, control of gratuities, and implementation of the Anti-Bribery Management System (SMAP) for all employees through the Digital Room for E-learning Modules (DREAM); Collaboration with the Corruption Eradication Commission (KPK) through the Professional with Integrity (PROFIT) program; Implementation of the gratuity control program according to the established work plan and periodic reporting of its implementation to the KPK every semester; Management of reports on gratuity receipts from all work units and reporting to the KPK as per regulations. 	<ul style="list-style-type: none"> Implementation of the Anti-Bribery Management System (SMAP) ISO 37001:2016 as one form of implementation of business ethics and behavior outlined in the code of ethics; Implementation of the Whistleblowing System (WBS) program; and Penalties for employees who violate the code of ethics.

The Number of Violations and Sanctions Imposed

No	Sanction Category	Sanction Type	Total Employees					Total Employees	
			2018	2019	2020	2021	2022		2023
1	Light Sanctions	Light Grade A	22	23	27	14	9	11	106
		Light Grade B	31	15	19	28	5	15	113
		Light Grade C	24	25	47	35	6	11	148
2	Medium Sanctions	Medium Grade A	18	69	62	54	8	15	226
		Medium Grade B	13	53	32	21	10	12	141
		Medium Grade C	9	45	31	16	9	10	120
3	Severe Sanctions	Severe Grade A	2	5	10	5	3	1	26
		Severe Grade B	22	40	24	19	42	43	190
		Severe Grade C	0	0	6	3	3	1	13
TOTAL			141	275	258	195	95	119	1,083

CONFLICT OF INTEREST [GRI 2-15]

The Company acknowledges that interactions among individuals within it and with external parties can create potential conflicts of interest that impact decision-making processes and the implementation of those decisions. Therefore, the Company is committed to explicitly control and manage conflicts of interest to achieve effective business management and the goal of being free from corruption, collusion, and nepotism (CCN), as well as building harmonious relationships with stakeholders.

In principle, all individuals within the Company must avoid decision-making situations involving conflicts of interest and disclose any decisions that must be made in the presence of conflicts of interest. The Company has a Policy on Transactions Involving Conflicts of Interest as regulated in the Guidelines and Rules of the Board of Directors and Board of Commissioners.

In the event of a conflict of interest between the Company and shareholders, members of the Board of Commissioners, members of the Board of Directors, executive officers, and/or other parties related to the Company, the members of the Board of Commissioners, members of the Board of Directors, and executive officers are prohibited from taking actions that may harm or reduce the Company's benefits. They are obligated to disclose such conflicts of interest in every decision.

The Company also thoroughly documents each disclosure in accordance with applicable regulations. Disclosure regarding conflicts of interest is recorded in meeting minutes, which must include information such as the names of parties involved in the conflict of interest, the main issues of the conflict of interest, and the considerations in decision-making. In principle, every individual in the Company is encouraged to avoid decision-making involving situations and conditions of conflicts of interest. [GRI 2-15]

Violations related to conflicts of interest can be reported through the Company's WBS. As a mitigation effort for conflicts of interest, all members of the Company are also required to sign the Integrity Pact in accordance with the values in the Company's Code of Ethics. Disclosure of conflicts of interest, such as cross-board memberships, cross-ownership with suppliers and other stakeholders, the presence of controlling shareholders, and relationships, transactions, and balances with related parties, is presented in detail in the Company's Annual Report. [GRI 2-15]

In addition, the Company adheres to Special Policy No. KK1.A regarding the Commercial Loan Procedure for credit disbursement to avoid conflicts of interest. The policy stipulates that the Company is prohibited from providing loans, whether in Indonesian Rupiah or foreign currency, to:

- Nightclubs;
- Horse racing;
- Casinos;
- Turkish baths;
- Massage rooms; and
- Other businesses prohibited by the government and regulators.

The company can also provide project financing for several project categories, namely:

- Toll roads;
- Power plants;
- Airports;
- Monorails; and
- Telecommunications.

ANTI-FRAUD

The Company pays close attention to the level of public trust in the integrity of the Company. With a strong determination, the Company is committed to conducting business activities with full honesty, fairness, and zero tolerance for corruption or bribery. It is crucial for the Company to be aware that any actions violating these values will have a negative impact on reputation, name, and business sustainability. Therefore, the Company not only considers the financial impact but also understands the immeasurable value of maintaining trust.

The Company emphasizes that any violation of anti-corruption and anti-fraud policies is a serious matter and must be dealt with firmly in accordance with applicable policies and regulations. Circular Letter of the Board of Directors No. 22/DIR/IAD/2014 dated May 28, 2014, regarding the Standard Operating Procedure for Anti-Fraud Strategy, serves as a guide in implementing anti-corruption and anti-fraud strategies. This policy is comprehensive and covers all layers of employees, whether with permanent or contract employment status, including top management such as the Board of Commissioners and Directors acting on behalf of the Company. The Company ensures that every step taken reflects high integrity to create a solid foundation for sustainable relationships with stakeholders. [GRI 3-3]

Referring to Bank Indonesia Circular Letter No. 13/28/DPNP dated December 9, 2011, the Company implements the Zero Tolerance to Fraud and Zero-Defect program referring to the Financial Services Authority Regulation No. 39/POJK.03/2019 concerning the Implementation of Anti-Fraud Strategies for Commercial Banks. The Company has an Anti-Fraud Team that consistently conducts socialization on the anti-fraud program to maintain BTNers' awareness of compliance aspects. These efforts are continuously improved to ensure that every step-in mitigating fraud risks can be effectively implemented. The Company also organizes a series of training sessions related to anti-corruption and anti-fraud, including:

Training Name	Number of Participants	Training Date
Implementation of AML CFT & PPPSPM Program 2023	315	August 25, 2023
Penerapan Program AML, CFT, and CPWMD 2023	3	August 24-25, 2023
Enhancing Understanding of KPK Gratification	29	October 12-14, 2023

OPERATIONAL RISK MANAGEMENT

Operational Risk Tools (ORMIS)

To implement the risk management process, particularly operational risk, the Bank utilizes Operational Risk Tools consisting of Risk and Control Self-Assessment (RCSA), Loss Event Database (LED), and Key Risk Indicator (KRI).

Risk and Control Self-Assessment (RCSA) is a process for identifying and measuring operational risks inherent in all units of the Bank. Therefore, in completing RCSA, all units are required to identify and measure operational risks inherent in their day-to-day activities and their impact on achieving the unit's objectives.

Loss Event Database (LED) functions as an operational risk data collection tool for recording operational risk incidents at Branch Offices, utilizing risk event criteria based on Basel II (seven risk event types). The output from BTN LED includes accumulated bank losses data within a month, including actual losses, near misses, and potential losses for each risk event. The collected data is processed and analyzed to identify the operational risk exposure map, which serves as a reference for mitigating similar incidents by improving business processes or implementing other forms of risk mitigation.

Key Risk Indicator (KRI) is an operational risk management tool used to monitor risk trends based on indicators. KRIs can be used to detect both predictive and lagging risks, providing input for preventive actions.

Aligned with this, the Company has a Business Control Organization responsible for the 1.5th line of defense in implementing operational risk controls inherent in day-to-day operational activities at Branch Offices (BO), Sharia Branch Offices (SBO), Commercial Banking Centers (CBC), and Regional Loan Processing Centers (RLPC). The Business Control Organization consists of monoline units at the Regional level, including Regional Business Control (RBC), Branch Business Control (BBC), Commercial Banking Centre Business Control (CBC-BC), and Regional Loan Processing Centre Business Control (RLPC-BC).

Fraud Risk Assessment

Fraud Risk Assessment (FRA) is one of the methods employed by the Company to identify potential fraud risks, both internal and external, in the business/service activities conducted by funding, lending, human capital, operational, IT, and other units. The implementation of FRA aims to ensure the application of risk management by assessing employee awareness through proactive procedures, involving the identification of potential vulnerabilities and supervision in each unit.

The entire FRA process is carried out in accordance with Technical Instruction Number PT.8-D.2 dated May 30, 2023, serving as the procedure to proactively detect potential fraud risks to prevent fraud and its resulting losses. The results of this process are utilized by the Company to measure the potential impact and formulate proposed follow-up improvement actions.

WHISTLEBLOWING SYSTEM (WBS) BTN

The Company acknowledges that every employee in various divisions has the potential and associated risks related to gratification. Therefore, the Company encourages every employee to report or file cases of gratification to the Compliance & Governance Work Unit as a form of employee support for the anti-gratification program. The Company routinely conducts internalization programs for the anti-fraud strategy and Whistleblowing System (WBS) through socialization activities managed by an independent third party.

During the year 2023, there were 78 reports related to gratification received from the head office and branches. These reports include bribery gratification, official gratification, gratification in the form of providing food before religious holidays, and rejection of gratification. Currently, the Company has not conducted a risk assessment related to gratification or corruption in various operational activities of the Company. However, it is not ruled out that an

assessment will be conducted in the future, considering the Company strongly rejects various acts of gratification and corruption. [GRI 205-1]

Number of Reports and Complaints Related to Received Gratification

2021	2022	2023
27	83	78

The Company's commitment to preventing fraud is reflected through the implementation of an anti-fraud strategy to control any potential fraud. The anti-fraud strategy encompasses the implementation of four pillars, namely:

a. Prevention

The prevention pillar includes devices aimed at reducing the potential for fraud, such as awareness of anti-fraud measures, vulnerability identification, and employee recognition policies.

b. Detection

The detection pillar aims to identify and discover fraud, including the Whistleblowing System (WBS) policy, surprise audits, surveillance systems, and inherent supervision by operational responsibility (PJO). Based on the WBS Company's data for the year 2023, there were a total of 5 complaints. The complaint methods consisted of 1 complaint via SMS/telephone/WhatsApp and 4 complaints through email/website. Based on the number of complaints received, 5 complaints have been processed and/or sanctions have been imposed (including administrative sanctions). The data presented above is summarized in the following table:

Year	Submission Method		
	Mail/PO BOX	SMS/Telephone/ WA (WhatsApp)	Email/Website
2018	1	0	5
2019	5	2	3
2020	3	2	9
2021	0	2	3
2022	0	1	1
2023	0	1	4

c. Investigation, Reporting, and Sanctions

This pillar consists of systems, mechanisms, and tools designed to gather information, collect evidence, manage reports, and impose sanctions for the fraud that has occurred. The following is the number of complaints and their follow-ups:

Year	Follow-up			
	Report resolved (not proven)	Report still under review (audit process/reporting process/cross-division process)	Report has been completed and/or has been followed-up with a sanction (including administrative sanctions)	Report forwarded to the investigators (related to general crime or corruption)
2018	0	0	6	0
2019	0	1	9	0
2020	0	4	10	0
2021	0	0	5	0
2022	0	2	0	0
2023	0	0	5	0

d. Monitoring, Evaluation, and Follow-up

This pillar includes steps to monitor, evaluate fraud, and implement corrective measures. In the reporting year, the Company recorded a total of 19 internal fraud cases, consisting of 7 cases that have been resolved and cases that are still in the process of resolution. Furthermore, the number of cases that have been followed up through legal proceedings is 19 cases. This figure reflects the Company's commitment to resolving these violations in accordance with applicable laws. [SASB FN-CB-510a.1]

Internal Fraud During 2023 [GRI 205-3]

Internal Fraud During 2023	Number of fraud committed (Internal)					
	Members of the Board of Commissioners and Directors		Permanent Employees		Non-Permanent Employees	
	Previous Year (2022)	Current Year (2023)	Previous Year (2022)	Current Year (2023)	Previous Year (2022)	Current Year (2023)
Total Reports	0	0	18	19	1	0
Resolved	0	0	10	7	1	0
In the Process of Resolution Internally at the Bank	0	0	17	2	0	0
Not Yet Pursued for Resolution	0	0	0	0	0	0
Resolved Through Legal Proceedings	0	0	1	2	0	0

Explanation:

1. The number of cases in the current year is based on the Special Audit Results Report and Initial Review Results Report from January to December 2023;
2. The number of cases "Resolved" is cases that have received sanctions decisions from the Board of Directors until December 2023;
3. The number of cases "In the process of resolution internally at the bank" is cases that have not received sanctions decisions from the Board of Directors until December 2023; and
4. The number of cases "Has been pursued through legal proceedings" is cases that have been "resolved" and received criminal sanctions decisions. The legal process is pursued by LGD.

The Company actively conducts internalization training of WBS BTN. The number and percentage of total employees participating in WBS BTN internalization training, including the distribution of employees per work area, are as follows: [GRI 205-2]

Regional	Total Participants	Passed		Not Passed		Did Not Access	
		Total Employees	%	Total Employees	%	Total Employees	%
Head Office	3,221	3,125	97.02%	0	0.00%	96	2.98%
Regional Office 1 (Branch & Cash Office)	1,860	1,816	97.63%	0	0.00%	44	2.37%
Regional Office 2 (Branch & Cash Office)	1,640	1,521	92.74%	2	0.12%	117	7.13%
Regional Office 3 (Branch & Cash Office)	1,374	1,362	99.13%	1	0.07%	11	0.80%
Regional Office 4 (Branch & Cash Office)	1,460	1,433	98.15%	1	0.07%	26	1.78%
Regional Office 5 (Branch & Cash Office)	1,321	1,256	95.08%	0	0.00%	65	4.92%
Regional Office 6 (Branch & Cash Office)	1,036	964	93.05%	2	0.19%	70	6.76%
Grand Total	11,912	11,477	96.35%	6	0.05%	429	3.60%

Explanation:

- a. Out of 11,912 (96.40%) employees who participated in the internalization program, 11,477 of them were declared passed, and 6 employees were declared not passed; and
- b. A total of 429 (3.60%) employees have not participate in the internalization program.

INTERNAL CONTROL SYSTEM

The implementation of the internal control system is carried out with the aim of supporting the Company's performance, enhancing value for stakeholders, reducing the risk of losses, and ensuring compliance with applicable laws and regulations. Besides being a crucial oversight component in managing the Company, the internal control system is also applied as a guide for the Company to carry out healthy and controlled operational activities.

In formulating the internal control framework, the Company refers to the Committee of the Sponsoring Organizations of the Treadway Commission (COSO)-Internal Control Integrated Framework. This is done to ensure the adequacy of operational and financial controls, financial reporting, operational effectiveness and efficiency, as well as compliance with applicable laws and regulations.

Through this policy, the Company's management has established continuous supervision mechanisms to safeguard and secure the Company's assets, ensure the availability of accurate reports, improve compliance with applicable regulations, enhance organizational effectiveness, increase cost efficiency, reduce the impact of financial losses, and prevent deviations, including fraud and prudential violations.

Violation Reporting [GRI 2-26]

The Whistleblowing System (WBS) policy implemented by the Company refers to the Financial Services Authority Regulation (POJK) No. 39/POJK.03/2019 dated December 19, 2019, concerning the Implementation of Anti-Fraud Strategies for Commercial Banks. The Company's WBS is an integral part of the internal control system to prevent deviation practices. The main goal of WBS is to detect and prevent deviations or violations early. Additionally, these steps are aimed at gradually creating an open, sincere, honest, and accountable working environment in the Company. [SASB FN-CB-510a.2]

The Company implements the WBS system with the aim of ensuring that every report is received, considered, and followed up according to existing procedures. Based on these reports, the Company ensures the formulation and implementation of sanctions that can have a deterrent effect on violators, including those proven to have intended to commit fraud. The goal of the Company's WBS is to strengthen the internal control mechanism in supporting business growth through the following steps:

1. Early detection and prevention of deviations or violations; and
2. Gradually create a working climate that is open, sincere, honest, and accountable in the Company.

The Company's WBS team responsible for managing each WBS report consists of:

1. Head of Internal Audit Division;
2. Deputy Head of Internal Audit Division; and
3. WBS Unit in the Fraud Investigation & Whistleblowing System (IWBS) Department at Internal Audit Division.

Violation Reporting Channels

The Company has also built supporting infrastructure for implementing the WBS policy. Reporters can submit their reports through the following media:

Mail : PO Box 2828 JKP 10028
Website : idn.deloitte-halo.com/btinsiips
Email : btinsiips@tipoffs.info
SMS : +62 813 8870 1117
WhatsApp : +62 813 8870 1117
Phone : +62 21-50928882 / +62 21-50928883

Mechanism for Submitting Violation Reports [GRI 2-16]

The Company provides a mechanism for submitting violation reports through the Whistleblowing System (WBS) for stakeholders by creating a complaint/reporting form that can be submitted based on identified violation indications as follows:

1. If the reported party is a BTN employee up to 2 (two) levels below the Board of Directors and is not part of the BTN WBS Team, the Independent WBS Manager will submit the report to the BTN WBS Team;
2. If the reported party is a member of the BTN WBS Team and/or a BTN employee 1 (one) level below the Board of Directors and is not part of the WBS Team, the Independent WBS Manager will submit the report to the President Director;
3. If the reported party is the Company's WBS Team, the Independent WBS Manager will submit the report to the President Director;
4. If the reported party is a Director, the Independent WBS Manager will submit the report to the Board of Commissioners;
5. If the reported party is a Commissioner and/or a Committee under the Board of Commissioners, the Independent WBS Manager will submit the report to the unrelated Commissioner who is also not a member of the relevant Committee; and
6. If the reported party is the Commissioners collectively, the Independent WBS Manager will submit the report to the Holder of Dwiwarna Series A Shares.

The Company provides assurance of protection to Whistleblowers acting in good faith to report any violations that may harm the Company. Assurance is provided through the following policies:

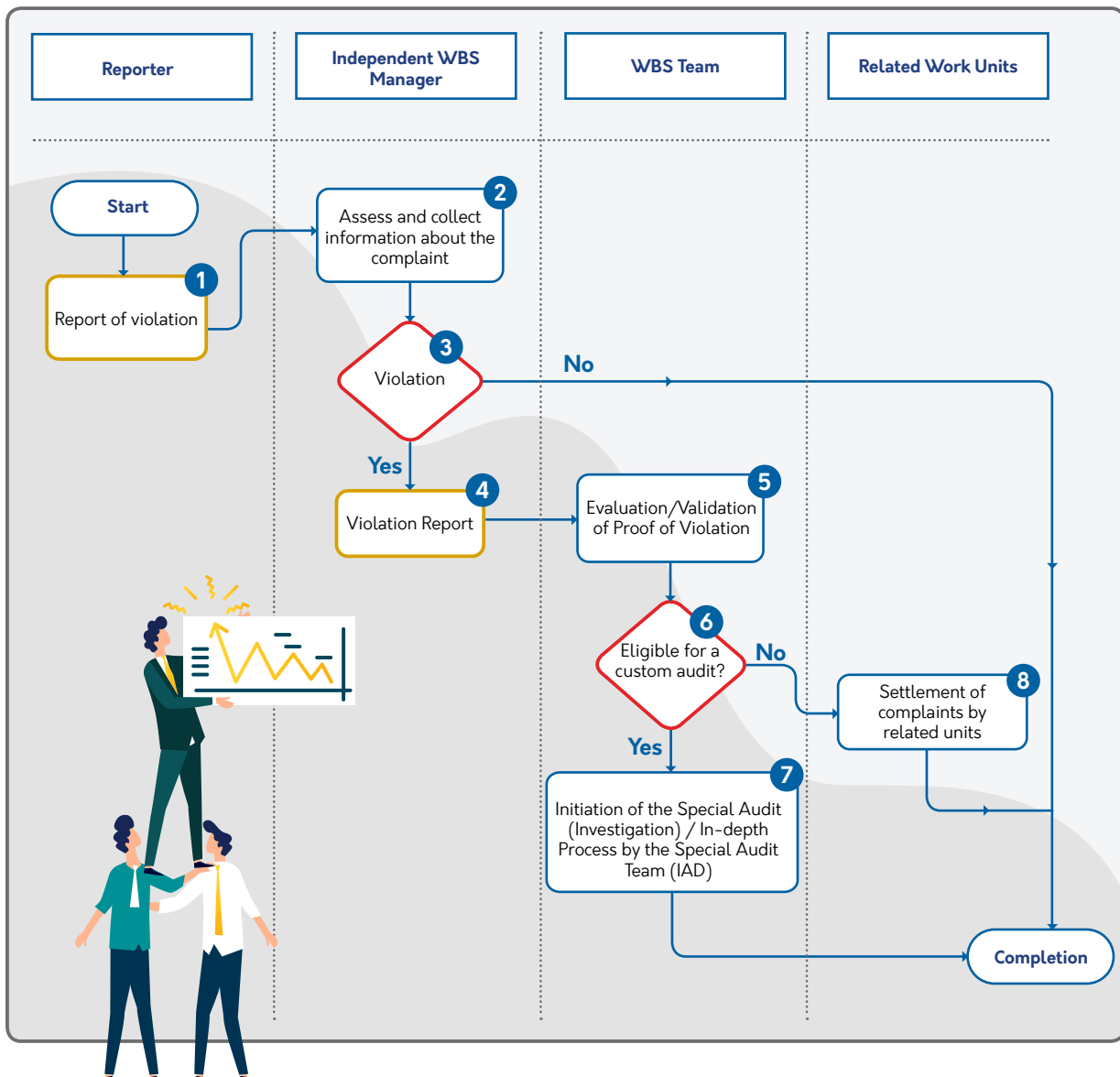
1. Providing reporting communication channels (oral, telephone, or email) that are free and confidential or providing an independent and confidential Ombudsman. Through these communication channels, Whistleblowers will receive information on the follow-up handling of reported allegations of violations;
2. Assurance of the confidentiality of the Whistleblower's identity unless there is a legal requirement that requires the Whistleblower's identity to be disclosed in court; and
3. Protection from retaliatory actions by the Reported Party or the reported organization. This protection may include:
 - a. Physical protection, both for the Whistleblower and their family;
 - b. Protection of their property and their family's property from terror or retaliation they may experience;
 - c. Administrative protection, such as threats of delayed promotions, dismissal, workplace ostracism, inappropriate transfers, and job security; and
 - d. Legal protection in the litigation process in the District Court, including its costs, and, if necessary, including protection through the Witness and Victim Protection Agency (LPSK).

HANDLING COMPLAINTS

The Company has collaborated with the Corruption Eradication Commission (KPK) of the Republic of Indonesia in handling the WBS as part of its efforts to combat corruption. This collaboration aims to improve the effectiveness and efficiency of handling complaints, both internally and externally, with a professionally integrated, transparent, and accountable approach. All these steps are taken with an emphasis on confidentiality, to optimize the Company's policies and strategies in combating corruption crimes.

The WBS team follows up on each incoming report with the following mechanism:

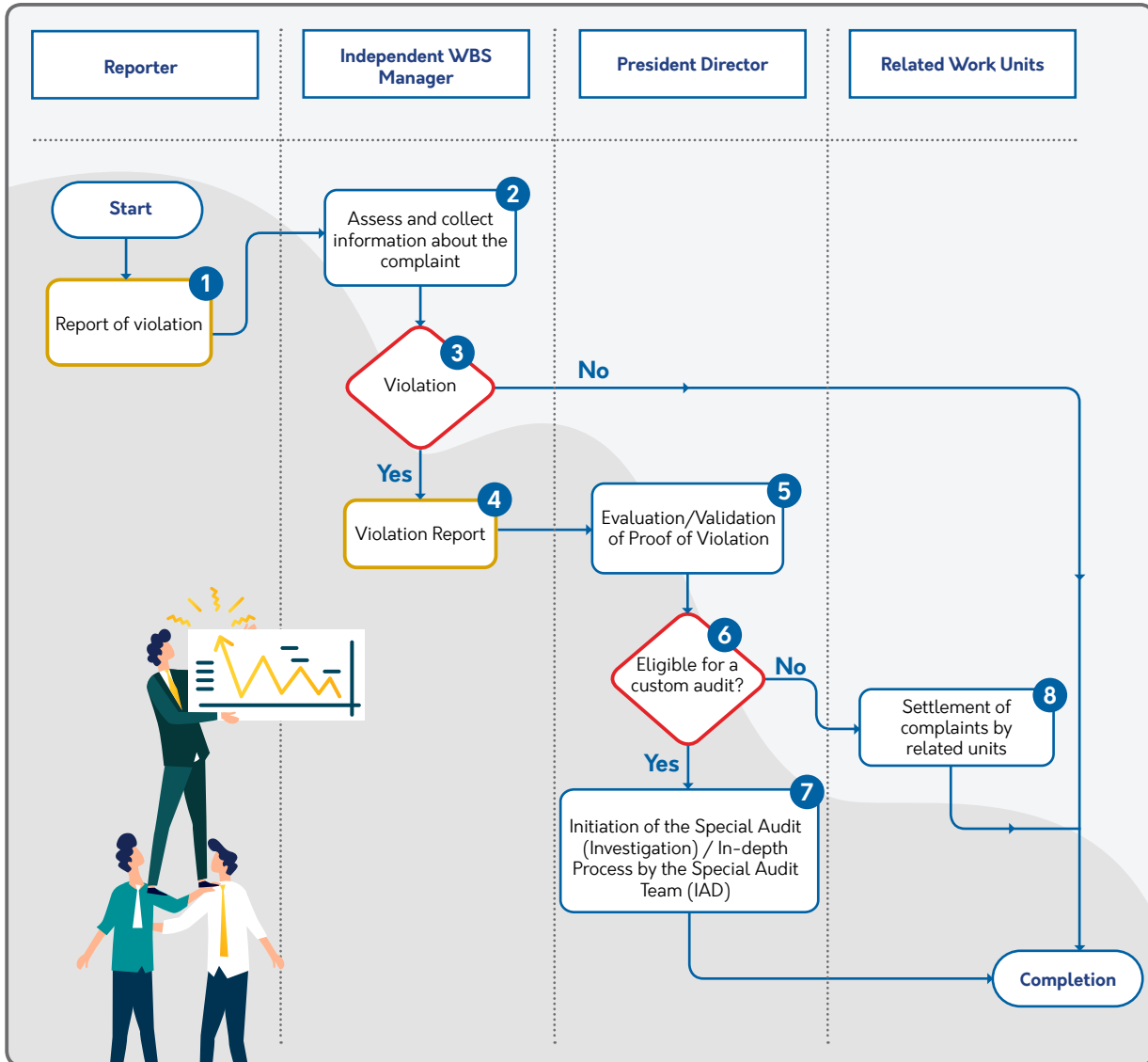
Flowchart 1 - If the Reported Person is a Company Employee (Two Levels Below the Board of Directors) and Not the WBS Team



Explanation:

1. The report is addressed to the Company's WBS Team if the reported person is an internal employee up to two levels below the Board of Directors and is not part of the Company's WBS Team.
2. The Independent WBS Manager will summon parties and collect information on the report through the seven complaint channels provided.
3. Regarding the validation results, the Company's WBS Team will take the following steps:
 - If it is justifiable to carry out a special audit, further/in-depth investigations will be carried out by the Special Audit Team (IAD);
 - If it is not justifiable to carry out a special audit, then an in-depth study will be carried out by other work units, including the KC/KCS/Division/regional office or the General Audit Team at IAD.

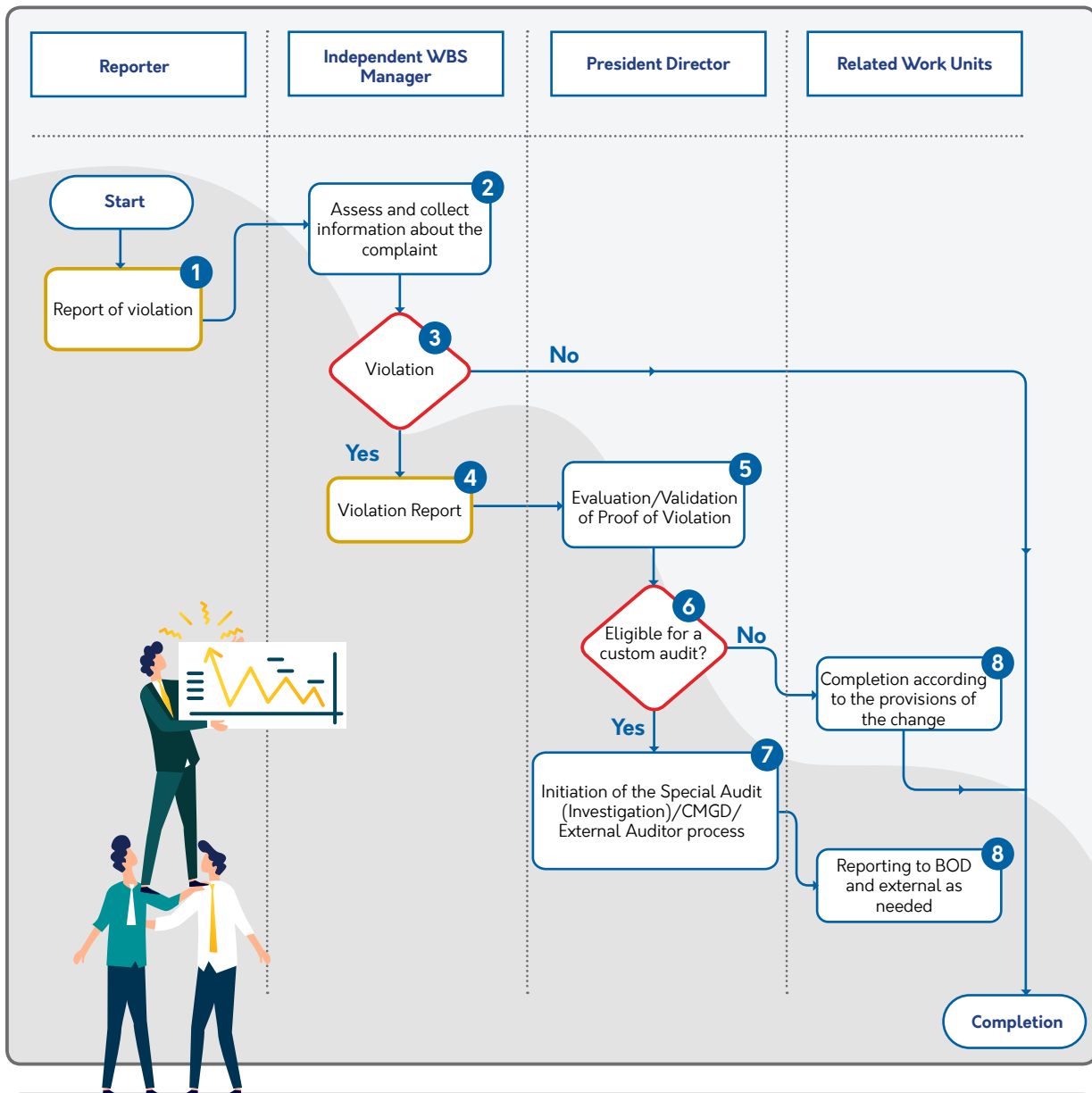
Flow Chart 2 - If the Reported Person is a Company Employee one level below the Board of Directors and not the WBS Team



Explanation:

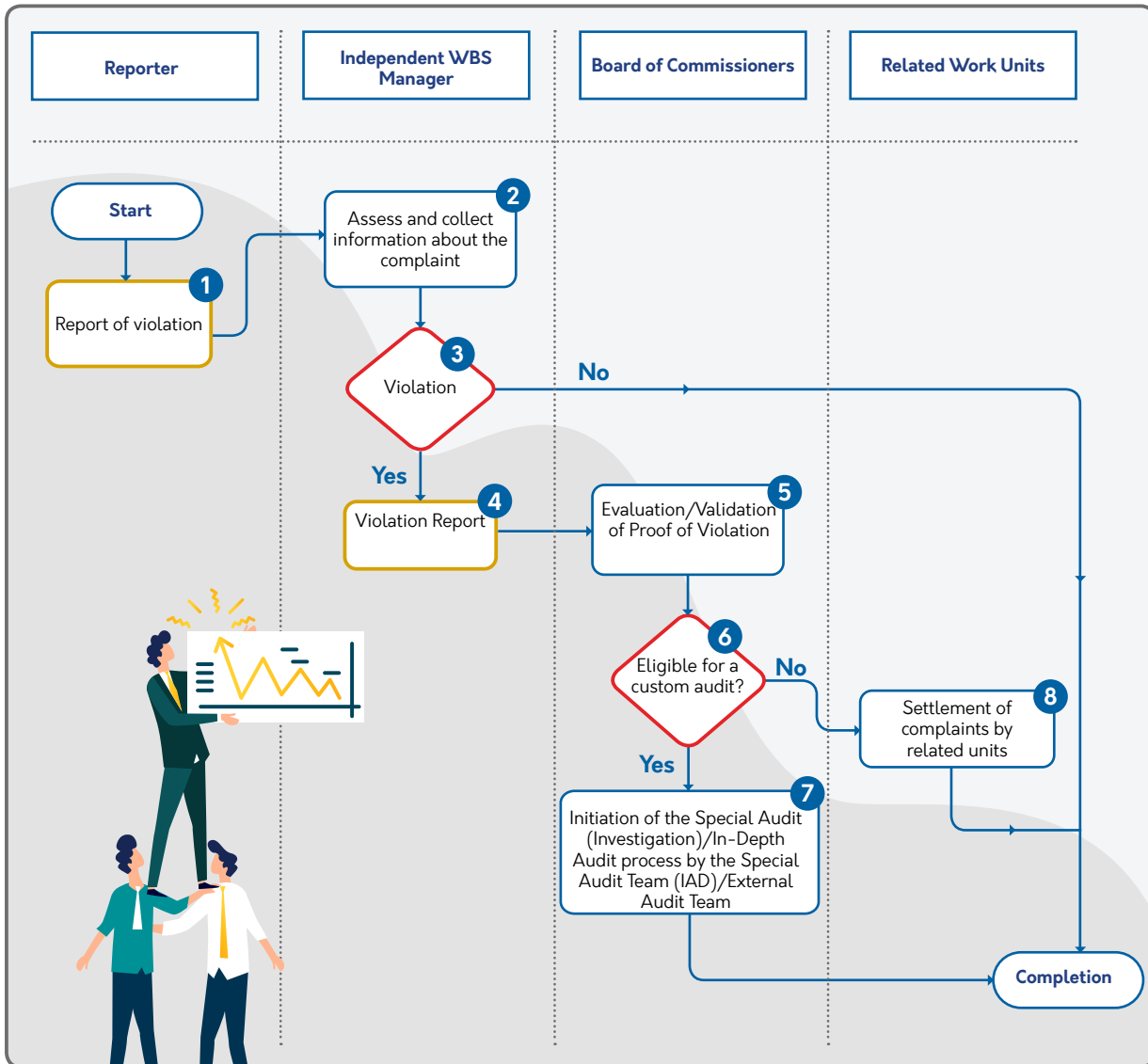
1. Report is addressed to the President Director if the reported person is an employee of the Company one level below the Board of Directors through an Independent WBS manager.
2. The Independent WBS Manager will conduct investigation and collect information on the report through the seven complaint channels provided.
3. The Independent WBS Manager will submit a complaint report to the President Director (Board of Director/BOD)
4. If necessary, the BOD may request assistance from the Internal Audit Team to carry out an evaluation.
5. Regarding the validation results, the BOD will take the following steps:
 - If it is justifiable to carry out a special audit, further/in-depth investigations will be carried out by the Special Audit Team (IAD).
 - If it is not justifiable to carry out a special audit, the handling will be adjusted according to company regulations.

Flowchart 3 - If the Reported Party is the WBS Team

**Explanation:**

1. Report is addressed to the President Director through an Independent WBS manager if the reported is a WBS Team Member.
2. The Independent WBS Manager will conduct investigation and collect information on the report through the seven complaint channels provided.
3. The Independent WBS Manager will submit a complaint report to the President Director (Board of Director/BOD)
4. If necessary, the BOD may request assistance from the Internal Audit Team to carry out an assessment.
5. Regarding the validation results, the BOD will take the following steps:
 - If it is justifiable to carry out a special audit, further/in-depth investigations will be carried out by the External Auditor Team and/or CMGD.
 - If it is not justifiable to carry out a special audit, the handling will be adjusted according to company regulations.
6. CMGD submits reports to BOD and external parties as needed.

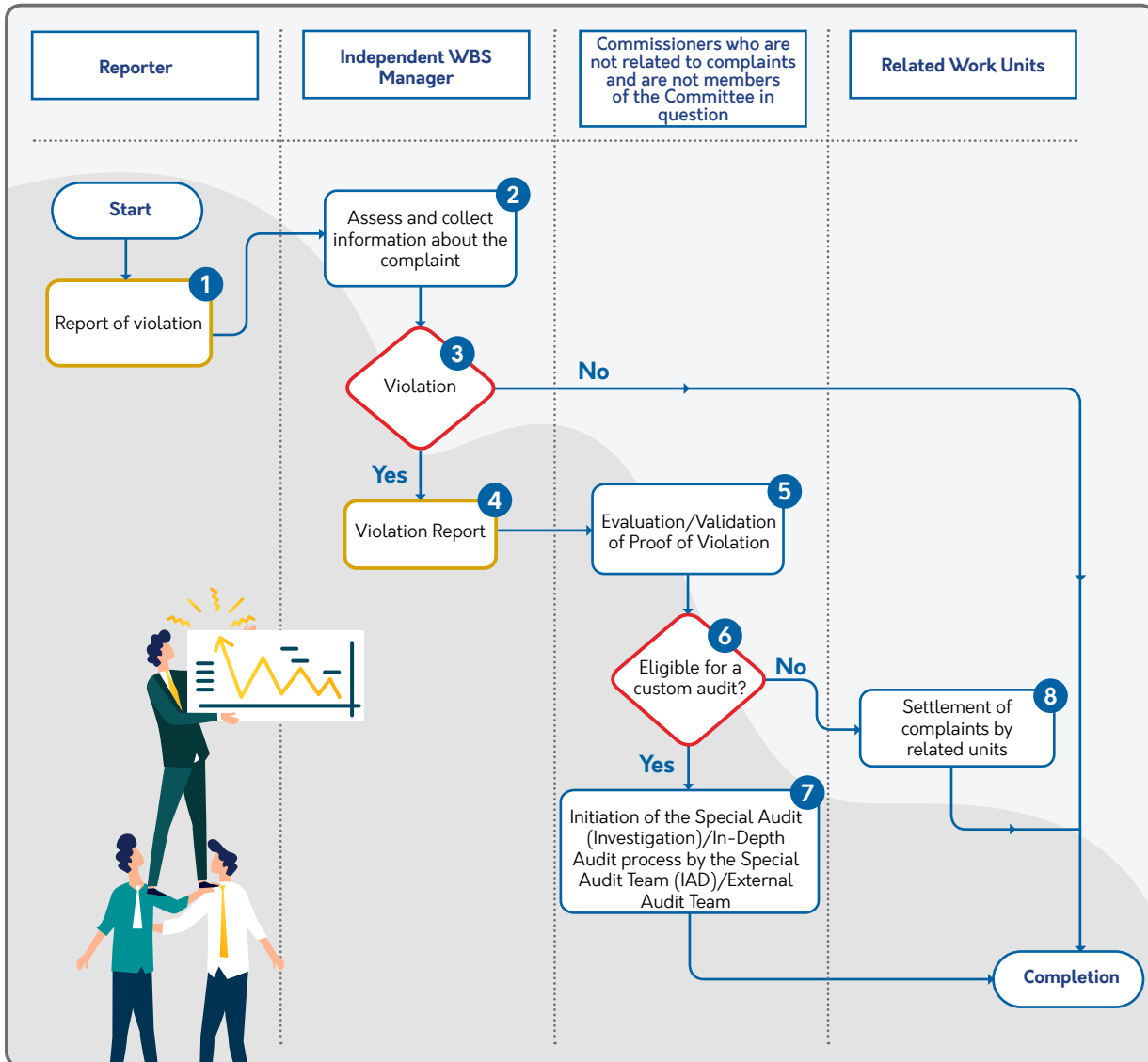
Flowchart 4 - If the Reported Party is a Board of Director



Explanation:

1. Report is addressed to the Board of Commissioners if the reported person is the Board of Directors, through the Independent WBS manager.
2. The Independent WBS Manager will conduct investigation and collect information on the report through the seven complaint channels provided.
3. The Independent WBS Manager will submit a complaint report to the Board of Commissioners (BOC)
4. If necessary, the BOC may request assistance from the Internal Audit Team and/or External Audit to carry out an assessment.
5. Regarding the validation results, the BOC will take the following steps:
 - If it is justifiable to carry out a special audit, further/in-depth investigations will be carried out by the Special Audit Team (IAD)/External Audit Team.
 - If it is not justifiable to carry out a special audit, the handling will be adjusted according to company regulations.

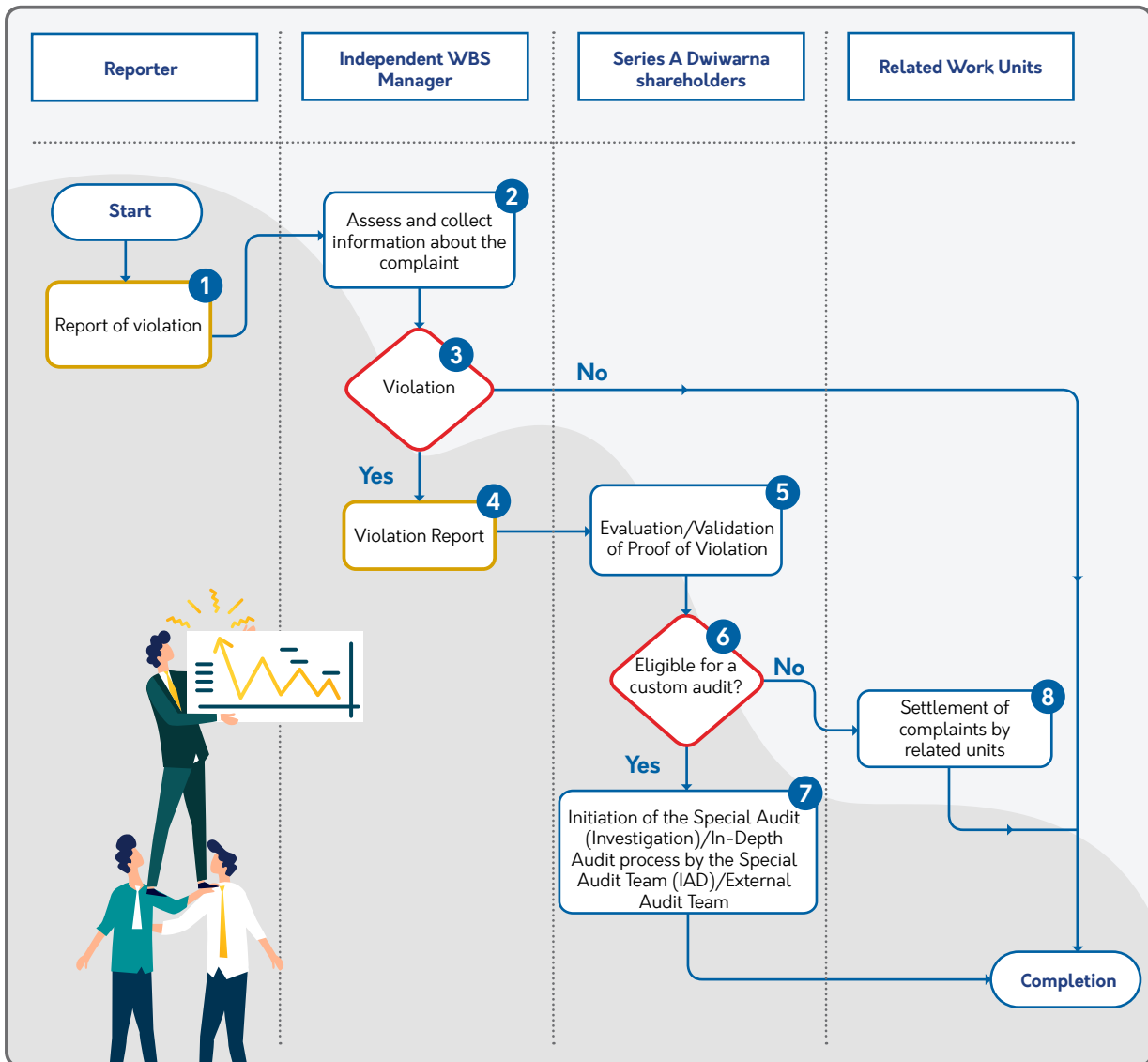
Flowchart 5 - If the Reported Party is a Board of Commissioner and/or a Committee under the Board of Commissioners



Explanation:

1. Report is addressed to members of the Board of Commissioners who are not related to complaints and are also not members of the Committee in question through the Independent WBS manager.
2. The Independent WBS Manager will conduct investigation and collect information on the report through the seven complaint channels provided.
3. The Independent WBS Manager will submit a complaint report to the Commissioner that is not related to the complaint and is not a member of the Committee in question.
4. If necessary, the Commissioner may request assistance from the Internal Audit Team and/or External Audit to carry out an assessment
5. Regarding the validation results, the Commissioner who is not related to the complaint and is not a member of the Committee in question will take the following steps:
 - If it is justifiable to carry out a special audit, further/in-depth investigations will be carried out by the Special Audit Team (IAD/External Auditor Team).
 - If it is not justifiable to carry out a special audit, the handling will be adjusted according to company regulations.

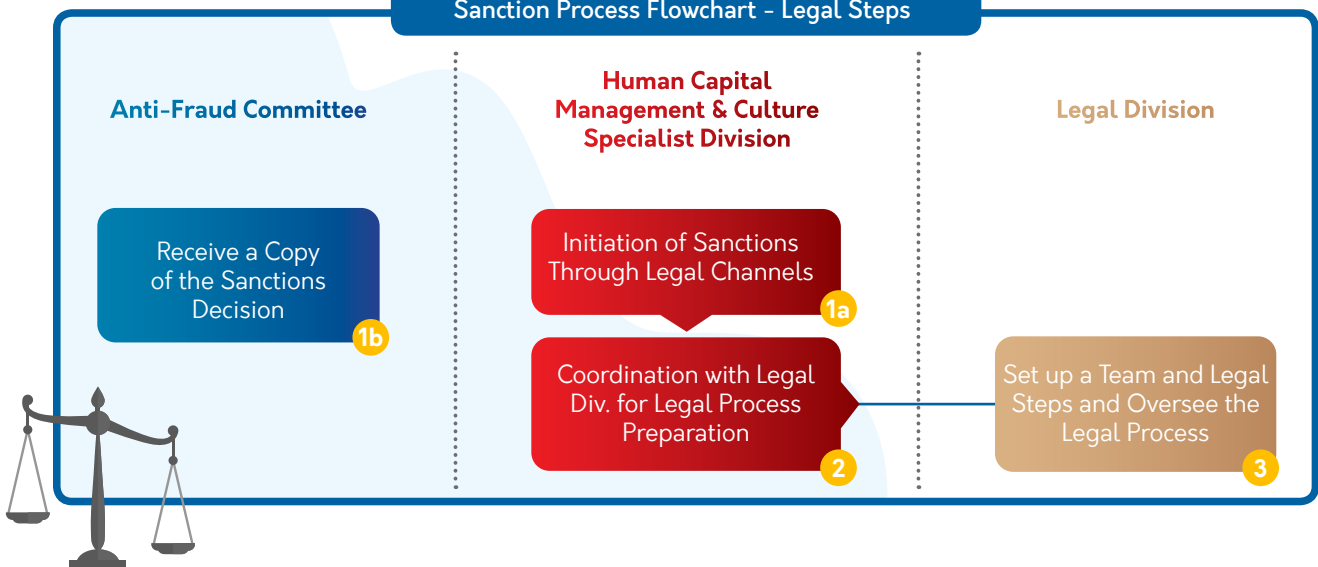
Flowchart 6 - If the Reported Parties are Jointly Commissioners



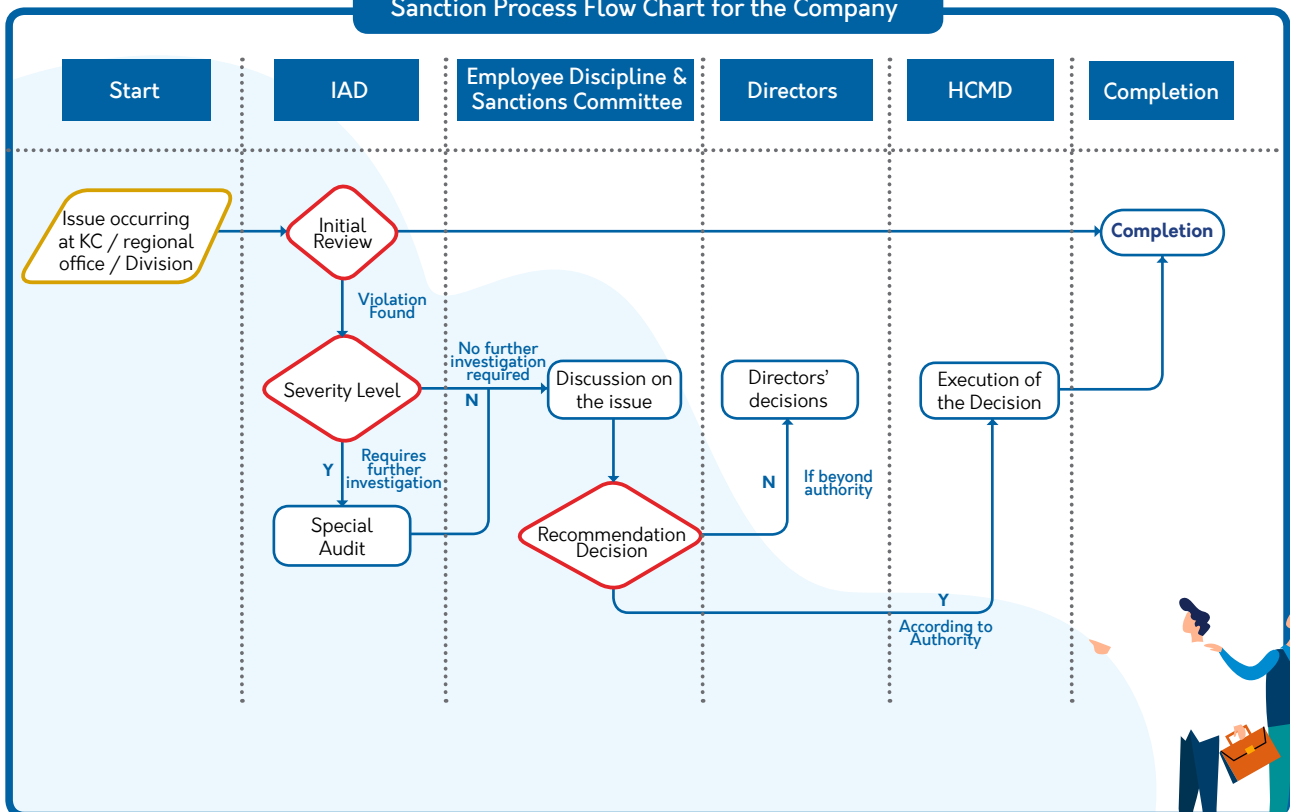
Explanation:

1. Report is addressed to Series A Dwiwarna Shareholders.
2. The Independent WBS Manager will conduct investigation and collect information on the report through the seven complaint channels provided.
3. The Independent WBS Manager will submit a complaint report to the Series A Dwiwarna Shareholders.
4. If necessary, the Series A Shareholders may request assistance from the Internal Audit Team and/or External Audit to carry out an assessment.
5. Regarding the results of the validation, the Series A Dwiwarna Shareholders will take the following steps:
 - If it is justifiable to carry out a special audit, further/in-depth investigations will be carried out by the Special Audit Team (IAD)/External Auditor Team.
 - If it is not justifiable to carry out a special audit, the handling will be adjusted according to company regulations.

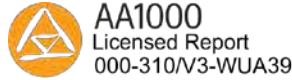
Sanction Process Flowchart - Legal Steps



Sanction Process Flow Chart for the Company



Independent Assurance Statement [GRI 2-5][G.1]



INDEPENDENT ASSURANCE STATEMENT

**PT Bank Tabungan Negara (Persero) Tbk
Sustainability Report 2023
Statement No: 04/IAS/CBC/II/2024
Type 2, Moderate Level**

Scope of Engagement in Assurance

CBC Global Indonesia (“CBC Global Indonesia”, “us” or “we”) were commissioned by PT Bank Tabungan Negara (Persero) Tbk (“bank BTN”) with the objective to provide assurance of bank BTN’s 2023 Sustainability Report (the “Report”) in relation with accordance to GRI Sustainability Reporting Standards (GRI Standards) and the adherence to AA1000 Accountability Principles (2018) with assurance over the Subject Matter presented in the Report, for the reporting year ended 31st December 2023. **This statement is intended to be used by stakeholders & management of bank BTN.**

The **scope and limitation** of our work is restricted to the following areas:

1. Subject Matter

- Economic Performance
- Market Presence
- Indirect Economic Impact
- Anti-Corruption
- Product Portfolios
- Employment
- Local Communities
- Data Privacy
- Marketing & Labeling
- Training & Education
- Material
- Child Labor
- Procurement Practice
- Diversity and Equal Opportunity
- Non-Discrimination
- Emission, Effluents & Waste
- Freedom of Association and Collective Bargaining
- Forced or Compulsory Labor
- Local Communities
- Employment & Occupational Health and Safety
- Social & Economic Compliance
- Water & Energy

2. AA1000 Principles (2018)

Our assurance engagement was planned and performed to meet the requirements of a **Type 2 “moderate level”** of assurance as defined by AA1000 Assurance Standard (AA1000AS) v3 to evaluate the nature and extent of bank BTN’s adherence to all four AA1000 AccountAbility Principles (2018): Inclusivity, Materiality, Responsiveness and Impact.

We have not performed any work, and do not express any conclusions, on any other information outside of the Subject Matter that may be published in



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000-310/V3-WUA39

the Report or on bank **BTN's** website for the current reporting period or for previous periods and assumed that the financial data and figures provided by bank BTN has been audited by independent parties therefore, presentation of financial data and figures in the report NOT within the scope of assurance.

Responsibilities of the Management of bank BTN

The Management of bank BTN has sole responsibility for preparing and presenting the Subject Matter in accordance with GRI Standard and preparing the Report in adherence to the AA1000 Principles (2018). Bank BTN's responsibilities also include maintaining effective internal controls over the information and data, resulting in the preparation of the Subject Matter in a way that is free from material misstatements.

Responsibilities, Competencies and Independency of CBC Global Indonesia

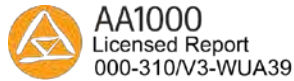
Our responsibility is to plan and perform our work to obtain assurance over whether the Subject Matter has been prepared in accordance with the GRI Standard and to report to bank BTN in the form of an independent assurance conclusion, based on the work performed and the review progress. We must also express a conclusion over whether the Report adheres to the AA1000 Principles (2018) and comment on the nature and extent of each Principle individually. All this engagement was carried out by an independent team of sustainability assurance professionals whose already obtained the **Certified Sustainability Report Assurer (CSRA) and any relevant certifications.**

CBC Global Indonesia is bounded by rules of conduct and professional practice relating to independence and quality overseen by AccountAbility (www.accountability.org/standards/licensing/ AA1000 as licensed-providers) and has established policies and procedures that are designed to ensure that our team maintain independence and integrity. We had no financial interest in the operation of bank BTN other than for the assessment and assurance of this report. We don't accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

Methodology

We conduct the following assurance procedures and activities:

- Pre-engagement to ensure the independence and impartiality of the assurance team.
- Kick-off meeting and initial analysis of the report draft.
- Review, assess and evidence the reliability and quality of sustainability performance and disclosed information as specified in the Report content for the reporting period of 1st of January up to 31st of December 2023.



- Evaluate the adherence of report content, disclosure and presentation against the criteria of standard, principles, and indicators using references from AA1000AS v3, AA1000AP (2018) (AccountAbility Principles), GRI Standards, POJK51, SEOJK 16, SASB and TCFD.
- Adopt IPCC and PCAF Guidelines for calculation methodology of energy used and emission.
- Asses indicators data and traced back data to the sources.
- Discuss and analysis data and reports with management and data contributor.

Finding and Conclusions

From the assurance program and the evidence, we have obtained, a detailed review against the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact, the GRI Standards, POJK51, SEOJK 16, SASB, and TCFD is set out below:

INCLUSIVITY

An assessment was made to investigate the engagement of all key stakeholders within the company. The presentation of stakeholder's inclusivity in the report is fairly identified and covers all bank BTN's inclusivity material issues. The stakeholder's engagement has been held through communication based on various methods and approaches with the contributions of all key stakeholders includes their internal and external stakeholders to develop an accountable and strategic sustainability topic.

MATERIALITY

An assessment was made to investigate the material information disclosed by the company. The report fairly covers the organization's material issues by using materiality matrix and boundary mapping through the stakeholder's inclusivity process. The materiality topics shows in the report provide a fair and sufficient information and aligned with risk management within the company which enables its stakeholders to make a professional judgment about bank BTN's performance and management.

RESPONSIVENESS

An assessment was made to investigate the transparency act of the company on material sustainability topics and their related impacts. The report covers bank BTN's responsiveness issues. All the information related to the responses from management to its stakeholder's inputs and complaints has been included in the report and any others company's mechanisms transparently and appropriateness the responses to a strategic stakeholder engagement management.



IMPACT

The Report content discloses data and information indicating the impacts of the Company's decisions, activities, and services on the economy, environment, and society. An assessment was made to investigate the practice of the company to monitor, measure and be accountable for how their actions affect their broader ecosystems. In overall, disclosures of impacts in the Report content are rather balance and adequate with both metric and qualitative information. However, the Company still needs to integrate comprehensively the identified impacts into key management processes to conduct an impact assessment on the other stakeholders, including its organizational strategy, governance, goals, objectives, and operations.

GRI STANDARDS PRINCIPLES

The report has followed the in accordance option of GRI Standards where all disclosure of each material topic is presented in the report. The disclosures of management approach for each material topic in general are fairly disclosed. The Management has applied the principles for defining the report's quality (balance, comparability, accuracy, timeliness, clarity, and reliability) and the principles for defining the report's content (stakeholder inclusiveness, sustainability context, materiality, and completeness) and supporting documents were adequately presented during the assurance program.

Adherence to POJK51, SEOJK16, SASB, AND TCFD

The report has followed or complied to all POJK 51 and SEOJK16 reporting guidelines. However, in terms of the adherence against SASB and TCFD, bank BTN still need to develop more policies and initiatives on environment concern. The company is advised to improve their risk and impact analysis on sustainability and also improve the assessment on high-risk lending sectors with negative impacts towards social and environment issues such as palm oil, mining or any other sectors.

Opinion Statement

Our professional and certified team of sustainability report assurer has assured this report in accordance with the AA1000AP (2018), AA1000AS v3 and GRI Standards. From the review progress, we conclude that the bank BTN's Sustainability Report 2023 provides a fair view of the all the bank BTN's programmes and performances during 2023. The extent to which the GRI Standards has been applied in the Report and conclude this report has been prepared in accordance with GRI Standards. We conclude that the data in 2023 for all material topics performance indicators are fairly represented and there is nothing has come to our attention that would cause us to believe that bank BTN has not given the reliable data.



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Recommendations

There are some suggested recommendations for the management of Bank BTN:

1. Developing specific policies that regulate aspects of sustainability or Environmental, Social, Governance (ESG), and its components, such as credit criteria, vendor selection criteria, etc;
2. Strengthening the sustainability management information system. Systematizing sustainability data such as energy, water, etc can facilitate and enhance the accuracy of calculations and reporting.

For and on behalf of:
Jakarta, February 12, 2024




Novi Ratnasari SE, CSRS, CSRA
Managing Director

PT CBC Global Indonesia

The Icon Horizon Broadway Blok M.5 No.3, Tangerang, Indonesia 15345
Tel: (62)(21) 87780058
Email: services@cbcglobalindonesia.com

GRI CONTENT INDEX

Statement of Use	PT Bank Tabungan Negara (Persero) Tbk has reported in accordance with the GRI Standards for the period 1 January until 31 December 2023.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	GRI G4 Financial Services

GRI Standard	Disclosure	Page	Omission			No. Ref. Standar Sektor GRI
			Requirement Omitted	Reason	Explanation	
General Disclosures						
GRI 2: General Disclosures 2021	2-1	Organizational details	38			
	2-2	Entities included in the organization's sustainability reporting	28			
	2-3	Reporting period, frequency and contact point	28, 35, 205			
	2-4	Restatement of information	28			
	2-5	External assurance	35, 190			
	2-6	Activities, value chain, and other business relationship	38, 40, 43-49			
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TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) FRAMEWORK

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b	Describe the role of management in assessing and managing climate-related risks and opportunities	73
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a	Explain the climate-related risks and opportunities the organization has identified in the shorter, medium, and longer terms	73
b	Explain the impact of climate-related risks and opportunities on an organization's business, strategy and financial planning	73
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a	Describe the organization's processes for identifying and assessing climate-related risks	73
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FEEDBACK SHEET [OJK G.2]

Thank you for reading PT Bank Tabungan Negara (Persero) Tbk 2023 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 :

Phone/HP :

Stakeholder Category

- | | | | |
|---------------------------------------|---|--|---|
| <input type="checkbox"/> Customer | <input type="checkbox"/> Employee | <input type="checkbox"/> Partners, suppliers | <input type="checkbox"/> Society, local community |
| <input type="checkbox"/> Shareholders | <input type="checkbox"/> Government and policy makers | <input type="checkbox"/> Mass media | <input type="checkbox"/> Others, please specify |

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

- | | |
|---|--|
| <p>1. Does this report describe the Company's performance in contributing to sustainable development?</p> <p><input type="checkbox"/> Agree</p> <p><input type="checkbox"/> Disagree</p> <p><input type="checkbox"/> I don't know</p> | <p>3. Is this report easy to understand?</p> <p><input type="checkbox"/> Agree</p> <p><input type="checkbox"/> Disagree</p> <p><input type="checkbox"/> I don't know</p> |
| <p>2. Is this report useful for you?</p> <p><input type="checkbox"/> Agree</p> <p><input type="checkbox"/> Disagree</p> <p><input type="checkbox"/> I don't know</p> | <p>4. Is this report interesting?</p> <p><input type="checkbox"/> Agree</p> <p><input type="checkbox"/> Disagree</p> <p><input type="checkbox"/> I don't know</p> |

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:

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