

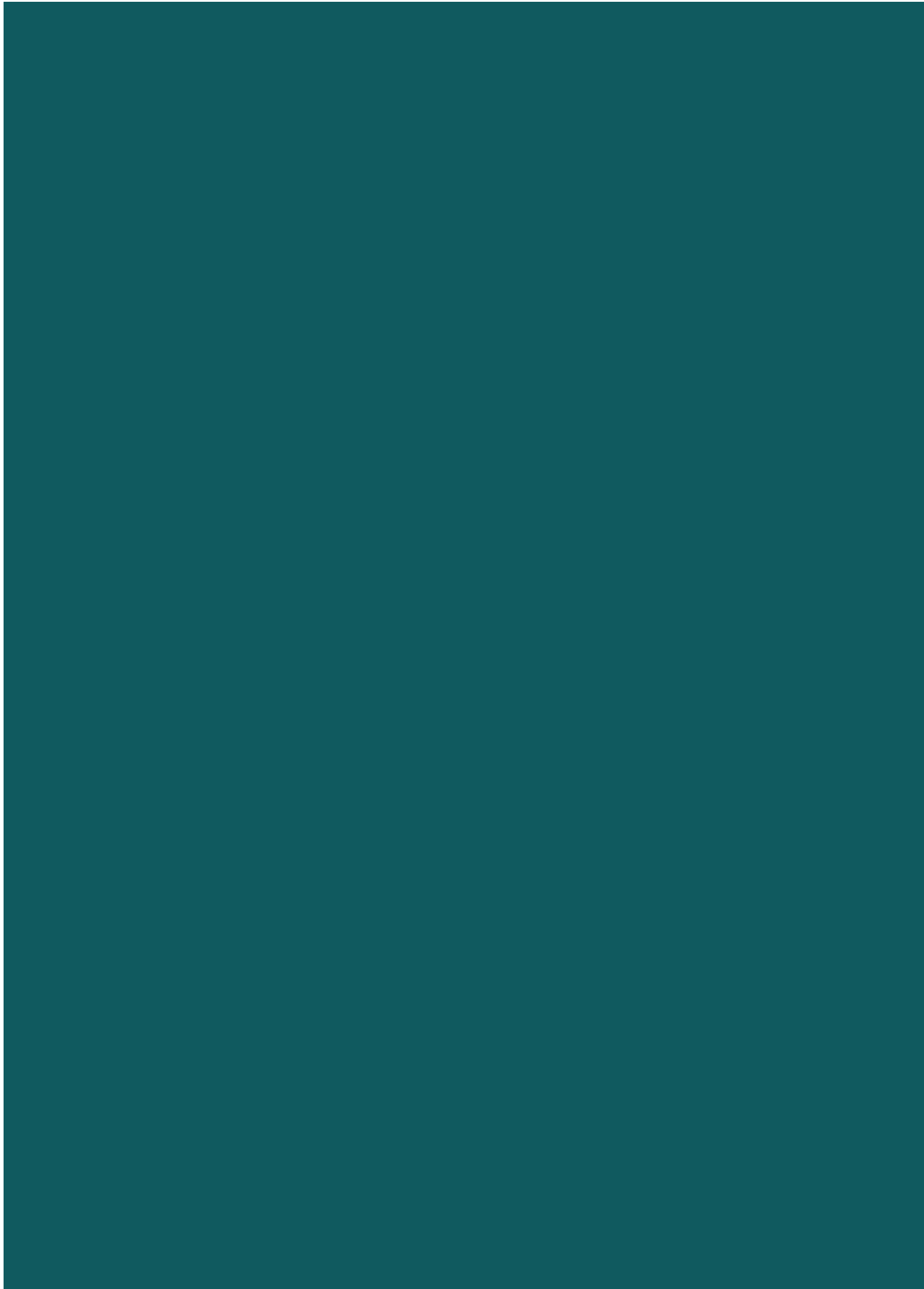


A MEMBER OF  
SMBC Group

Sustainability  
Report  
2019

PT BANK BTPN Tbk  
More Empowered  
To Support  
Sustainability







PT BANK BTPN Tbk

# More Empowered To Support Sustainability

Bank BTPN has been through all required phases to remodel the organization, increase efficiency, improve competency, and optimize potentials to grow into a Bank capable of supporting economic development that is more environmentally friendly and valuable for the people. Since Bank BTPN officially merged with SMBCI Bank in 2019, Bank BTPN grew bigger and stronger. It is able to serve people from all walks of lives as regards to banking and community to answer various social issues.

In terms of banking transactions, Bank BTPN has conformed to the global standards of SMBC Group by adopting the Equator Principle in fundraising, fund placement, selection, and green corporate financing. Bank BTPN focuses on four approaches that have been acclimated to social issues in all levels of society in Indonesia so as to empower communities.

Now Bank BTPN is ready to employ its entire competencies in supporting the Sustainable Development Goals formulation, ensuring a more prosperous future, improving environmental quality for the lives of generations to come.

# Table of Contents

**1** Theme and About the Theme

**6** Overview of Sustainability  
Performance

**8** Significant Events in Sustainability

**10** Awards and Certifications

**13** Board of Commissioner's Remarks

**17** President Director's Remarks

## 25

### About the Sustainability Report

**26** Guidelines, Standards &  
Assurance of Report

**27** Reporting Period and Cycle

**28** Significant Impacts and  
Materiality Test

**31** Contact

## 33

### About BANK BTPN

**34** Brief profile

**35** Bank BTPN in Brief

**36** Milestones

**38** Products and Services

**42** Bank BTPN Organizational  
Structure

**44** Economic of Scale

**45** Supply Chain and Business  
Partner

## 47

### Framework and Strategy of Sustainability

Goals of Global-Scale Sustainable  
Development **47**

Supporting Achievement of Global  
Goals with Implementation of Sustainable  
Financial Action **50**

Strategy and Initiatives of Sustainable  
Business Development **51**

## 53

### Sustainable Governance

Commitment and Goals of  
Good Governance **53**

Governance Structure, Mechanism,  
and Guidelines **54**

Internal Control Systems **56**

Fraud Prevention and Eradication **57**

Code of Conduct and Integrity Pact **58**

External Initiatives **59**

Risk Management System **59**

Membership of Associations  
and Commitment to External Initiatives **60**

Stakeholder Management **61**

## 63

### Developing Quality Products and Services

Commitments and Policies **64**

Quality Products and Services **68**

**68** Outreaching and Developing All  
Communities' Potential

**70** Customer Complaint Handling

**70** Number of Customer Complaints

**70** Customer Satisfaction Survey

## 73

### Stimulating National Development

**74** National Economic Review

**74** National Banking Review

**75** Bank BTPN Performance in 2019

**76** Expenses According to Business  
Segment

**77** Enhancing the Social and  
Environmental-Aware Financial Portfolio

**80** Distribution of Economic Value

**81** Supporting National Economic  
Development with Business Partners

**81** Contribution to the State

## 83

### Empowering People with Daya

**84** Commitment and Policy

**84** Program Design

**84** Daya

**90** Story of Customer Empowered by  
Bank BTPN

## 95

### Building Human Competencies at Bank BTPN

Commitment and Basic Policy **96**

Improving Industrial Relations **98**  
Quality

Work-life balance **98**

Human Resources Management and **99**  
Development Program

Socialization of the Aspects of Human **102**  
Rights to Employees and Security Guards

Welfare Package **102**

## 105

### Participating in Environmental Conservation

Commitment and Policy **106**

Green Financing **107**

Environmentally Friendly Funding **107**

Environmentally Friendly Business **107**  
Operation

Statement GRI Standards **110**  
in Accordance Check

SDGs Links in the GRI Standard **111**

GRI Standards Index-Core Option **116**

Reference Index OJK Regulation **121**

# Vision

To become the first choice bank in Indonesia, which give significant change in the life of millions of people, mainly with the support of digital technology.

# Mission

1

To offer complete financial solution and service to various segments of retail, micro, SME and corporate business in Indonesia, and for Indonesian Nation and Country as a whole.

2

To provide valuable opportunity for the professional growth of Bank BTPN employees.

3

To create significant and sustainable values for the stakeholders, including for Indonesian society.

4

To use technology innovation as the main differentiator to provide the best quality and experience in its class to Bank BTPN clients and partners.



# Core Values

[GRI 102-16]

The values that we observe are our guideline in running the business



## Customer First

Focus on serving our customers



## Proactive and Innovative

Step up and continue to innovate



## Speed (Agile)

Embrace change and move fast



## Quality

Maintain quality of our service



## Synergy

Collaborate as one team



# Overview of Sustainability Performance

## Community Empowerment Aspect

Through Daya Program, Bank BTPN encourages the growth of the business capacity of 1,247,118 individuals and health capacity of 166,035 individuals in Indonesia.

Until 2019, Bank BTPN with SMBC and Djarum Foundation, Bank BTPN constructed infrastructure of four school buildings in Kudus, aiming at building an empowered generation of the nation.

Daya digital platform, Daya.id that is, records 12,199 registered users, 148,899 unique visitors and 166,031 visits.

Through the two days Selendang Mayang Bazaar, Bank BTPN and its subsidiary (Bank BTPN Syariah) facilitated 100 MSMEs clients in grasping a market segment, with transactions totaling IDR 473 million. As many as 4,766 products were sold.

## Economic Aspect

Bank BTPN recorded significant economic performance

Asset growth  
**79.2%** to  
**IDR 181.63** Trillion



**BTPN Wow!** opens access for unbankable community with

Financing increases at  
**108.1%** to  
**IDR 141.76** Trillion

**260,587** Laku Pandai Agents Over **6 Million** customers

Distributed economic value increases  
**43.2%** to

**IDR 15.22** trillion

Net income increases  
**40.6%** to  
**IDR 2.99** Trillion

Across more than **230** cities and **25** provinces.



## Human Resource Management Aspect

as many  
**279** Bank BTPN held  
training programs

**224,259**

Total training hour is **24** hours on  
average per employee.



### Composition of total employees

- 41% Female
- 59% Male

## Product Responsibility Aspect

Bank BTPN recorded a Customer  
Satisfaction Index score of **4.25** on a  
scale of 5.

## Environmental Aspect

as many

**IDR 2.4 Trillion**

Bank BTPN channeled environment-friendly financing as of **3.11%** of total financing  
segments of the Corporate Banking.

In Environmental management, Bank BTPN has calculated the carbon dioxide  
emissions, which will enable it to apply even more environmental-friendly banking  
operations.

# Significant Events In Sustainability



»»» May 9, 2019

Jenius collaborated with Indonesia's National Alms Agency (Baznas) in facilitating alms payment and donation. Through 'Jenius' application, digital-savvy people can now pay alms and give donation for 'Paket Ramadhan Bahagia' during the holy month of Ramadhan.

»»» August 8, 2019

Bank BTPN participated in financing the project finance for the Jambaran-Tiung Biru gas field project of PT Pertamina EP Cepu with a total value of US\$1.8 billion, in a consortium which consists of 12 local and foreign banks. This financing is Bank BTPN's first project financing and this shows the Bank's commitment to make greater support for the national economy.



»»» August 28, 2019

Bank BTPN began to collaborate with TDA Indonesia Foundation for Indonesian entrepreneur empowerment. During the year 2019 four business seminars for MSMEs actors were held, accompanied by a brief education about financial planning using Jenius account.

Main topics discussed:

1. How to build strong business foundation
2. Marketing strategy

»»» October 18, 2019

Bank BTPN announces bond issuance through Shelf Registered Bond IV Phase I amounting to IDR 1 trillion. All of the yield resulted from this would be channeled for funding credit expansion to segments, from micro, small and medium enterprises (MSMEs), retail, to corporation.

»» October 31, 2019

BTPN has started to work with the corporate customers to empower their employees as well as their families. The forms of activities are adapted according to the employees' needs, among others: financial management, entrepreneurship, and English lessons.



»» November 21, 2019

Jenius, Bank BTPN's life finance solution, tries to get a hold of the digitally savvy by applying the most relevant technology to satisfy their everyday needs. For that reason, Jenius launches the first Tech Hub as 'home' for tech enthusiasts in Bandung while building up financial services that are more relevant to the needs of the growing digital savvy segment.



»» December 2, 2019

BTPN launched a test to empower Sinaya customers on financial management, entrepreneurship, and health which aim at helping customers live a better life. In 2019 it was carried out in three major Indonesian cities.

# Awards and Certifications



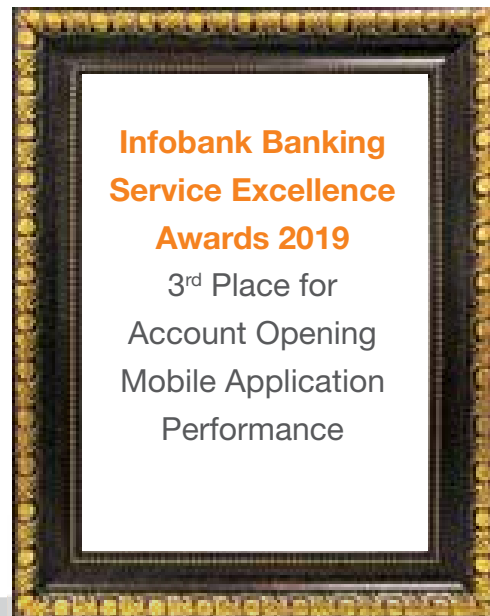
## IDC Digital Transformation Awards 2019

Omni-Experience Innovator (Indonesia) (Genius)



## The World's Best Bank 2019 - Forbes

Rank 2 – Indonesia



## Infobank Banking Service Excellence Awards 2019

3<sup>rd</sup> Place for Account Opening Mobile Application Performance



### 11<sup>th</sup> Annual Global CSR Summit and Awards

Gold Award for Best  
Community Programme 2019



Corporate  
Procurement  
Management  
ISO 9001:2015





# Board of Commissioner's Remarks

[GRI 102-14]

Mari Elka Pangestu

President Commissioner (Independent)



We believe that several Sustainable Development Goals can be completely and properly achieved if the entire communities unite their competencies and have common commitments so as to strike a balance between economic performance and social and environmental performance. Therefore, we are fully committed to the optimization of the Bank's competency in managing the assets of corporations and mass market to help achieve such sustainability goals. This would be realized by expanding banking access for the unbankable segment, minimizing the gap of income and enlarging the scope of green banking implementation.



### Dear Stakeholders,

Issues of climate change which is viewed as the cause of natural disasters that occurred, such as, on one hand extreme heat that caused forest fire, or on the other hand; extreme rain intensity that caused floods and land slides, and consecutively enormous economic loss to the impacted areas, have become more and more evident.

The negative effects of the global climate change have brought global communities, such as governmental bodies, non-governmental organizations, corporations and individuals to state a common will to together improve the environment condition in their respective areas. This initiative is then formulated as the Sustainable Development Goals (SDGs).

Initiated and agreed by nearly all countries in the world and to be implemented in the period of 2015-2030, SDGs include all strategic in development of a nation, ranging from social, economic, and environmental issues, as well as cooperation and equality in opportunities and justice.

The Indonesian Government has stated its support of the joint initiative in targeting emission reduction by up to 29% on its own efforts, and 41% with international aid, with the benchmark of emissions in 2016. The Government has been executing

various initiatives to reach the targets, including by drawing up of the National Action Plan of greenhouse gas (GHG) emission reduction and through Financial Services Authority Regulation POJK No.51/POJK.03/2017 on the Implementation of Sustainable Finance for Financial Service Institutions.

Bank BTPN has now completed the early stages of strategic corporate plan by unifying the competence in corporate asset management with the competence in mass market asset management, as the merger between PT Bank Sumitomo Mitsui Indonesia (SMBCI) and PT Bank BTPN Tbk. is finalized.

SMBCI possesses great capacities in managing corporate assets in environmentally friendly ways with the support of its holding company Sumitomo Mitsui Banking Corporation (SMBC), which is currently one of the members of the Equator Principles association, which is known of having a high level of commitment in addressing environmental issues. In the meantime, Bank BTPN has high competence in addressing social issues, as it has accumulated experience in managing mass market customers by dealing with health issue management, prosperity improvement and discrepancy in opportunity and income.

Now and going forward, Bank BTPN has seize the opportunity to combine these two great competences to become a major force in supporting Indonesia's sustainable economic development. This economic development would also be able to answer environmental issues as well as social issues that are aligned with the SDGs.

We, representing the members of the Board of Commissioners, believe that the entire Board of Directors and employees will be able to optimize these two competences and transform them to be an integrated power. Bank BTPN will bring out a comprehensive business community ecosystem and develop by striking a balance between economic, environmental and social performances.

We believe that the success of all staff in planning and implementing strategic programs elucidated in the Sustainable Financial Action Plan 2019-2023 in 2019 is the beginning of the optimization of these two strengths, which also show the Bank's commitment to support the achievement of the Sustainable Development Goals.

Furthermore, we believe that Bank BTPN's commitment to implement the principles of sustainability will be fully supported by all of its stakeholders.

Entering 2020, which has a better outlook due to the improving fundamental business conditions, the Board of Commissioners encourage all staff to work harder and smarter, to uphold the integrity and professionalism as well as

being prudent in capturing growth opportunities with Bank BTPN's stronger fundamental conditions.

We believe that harmonious collaboration between all stakeholders will continue improving, so that Bank BTPN can continue providing an optimal contribution to the communities, the preservation of the environment and the development of the nation.

Jakarta, February 2020



President Commissioner (Independent)  
**Mari Elka Pangestu**



# President Director's Remarks [GRI 102-14]

Ongki Wanadjati Dana

President Director



Through this Sustainability Report, Bank BTPN demonstrates its understanding and commitment to support the achievement of sustainability goals by optimizing all of its competences and resources.



## Dear Stakeholders,

This is the first time PT Bank BTPN Tbk. releases a Sustainability Report. In this report, Bank BTPN shows a common understanding and commitment with the majority of the world's corporations, namely the call for all the world citizens to support together the achievement of Sustainable Development Goals (SDGs), which are also ratified by the Indonesian Government.

Bank BTPN is committed to the best performance to meet the stakeholders' expectations, and simultaneously to optimum contribution to the efforts in maintaining and improving the environment's conditions. Bank BTPN believes that its operational activities would produce minimum negative impact on the environment.

Bank BTPN supports the Indonesian Government's efforts to fulfill commitment to decrease greenhouse gas emissions (GHG) by 29% independently, or 41% with international support. This

commitment has been stated in the document of Intended Contributions Determined Nationally (INDC) and presented in the 21st Conference of Parties.

As part of the efforts to achieve this commitment, the Financial Services Authority (OJK) has issued OJK Regulation No. 51 of 2017 regarding the implementation of sustainable finance. One of the requirements of this regulation is that banks should prepare and implement action plans, the Sustainable Finance Roadmap (RAKB), which is to be reported and reviewed periodically.

Bank BPTN has been exercising this mandate by compiling the 2019-2023 action plans and realizing various strategic initiatives contained therein. Bank BTPN will then compile and deliver this first ever Sustainability Report as a form of compliance and a commitment of the Bank to the achievement of sustainability goals.

Through this Report, Bank BTPN conveys the various obstacles and challenges it faces in implementing sustainable finance, also its strategy and efforts to solve these problems as well as various performance achievements in economic, social and environmental aspects as a role to realization and Bank BTPN in realizing sustainable development of the nation.

## Obstacles and Challenges Faced

A number of the major obstacles that the Bank must address in realizing all strategic initiatives stated in the Sustainable Action Plan include:

- Limited understanding of both the Bank's internal and its

stakeholders regarding the concept of sustainability.

- Limited comprehension on sustainability and mitigation of social and environmental risks.
- The lack of standard operations or policies that integrate social and environmental risk management with banking operational aspect and related governance.

## Strategies to Achieve Sustainability Goals

### Conditions and Business Opportunities

Global economic condition was less conducive due to the United States - China trade war, hampering Indonesia's economic growth in 2019, which dropped to 5.02% from 5.17% in 2018. However, the growth was backed with the other macro indicators remaining stable, such as the current account deficit being under control, inflation rate being maintained at around 2.72% from previously 3.13%, the 7-Day Repo Rate down to 5.00% from 6.00%, as well as Rupiah exchange rate climbing to IDR 13,901 against the US Dollar from IDR 14,481 against the US Dollar by end of 2018.

The improving macro and micro indicators of national economy encourage international rating agencies-including Fitch Rating; Moody's Standard and Poor's (S&P) and Japan Rating Agency-to raise Indonesia's sovereign credit rating to 'Investment Grade'.

The condition of national banking and sharia banking remained solid, in spite of relatively minimum growth in assets and credit. As of October 2019, the national CAR banking average was 23.54% with NPLS of 2.73%.

The potential of economic growth in Indonesia is quite high, as the country is rich in natural resources and its population stands at 264 million (Directorate General of Population and Civil Registration Agency, 2018) and the GDP per capita of IDR 56.0 million (Central Bureau of Statistics (BPS), 2018). Completion of primary and secondary infrastructure projects across the country over the last few years has continued to increase Indonesia's rank in the Ease of Doing Business.

## Sustainability Strategy

The year of 2019 is the first year Bank BTPN, established out of a merger, has conducted programs of integration and consolidation following the completion of a merger process between SMBCI and Bank BTPN in early February 2019. This brought an opportunity to Bank BTPN to combine SMBCI's competencies in managing environmental friendly corporation assets and its own accumulated experience in social issues while managing MSMEs customer.



Bank asset increase **79.2%** to IDR 181.63 trillion from IDR 101.34 trillion in the previous year.

Net Sharia funds and profit sharing as amount of IDR **1.4** trillion, increased 45.0% compared to 2018 which as amount of IDR 965 billion.

The Bank recorded **40.6%** increase in net profit to IDR **2.99** trillion from 2018 which as amount of IDR 2.13 trillion.

All the strategic initiatives above are to be elaborated in various specific activities; and the implementation is to be evaluated periodically and consecutively reported in the Sustainable Financial Action Plan according to provisions. This is aimed to ensure that the Bank can optimize its 'double strengths' to support the achievement of the sustainable development goals and the Indonesian Government's commitment as declared in the Intended Contributions Determined Nationally.

## Performance of Sustainability

### Performance and Contribution in the Economy

Bank BTPN recorded the growth in outstanding loan as amount of IDR 141.76 trillion from IDR 68.14 trillion in 2018, or an increase of 108.1%. Meanwhile, the Bank's assets rose 79.2% to IDR 181.63 trillion from IDR 101.34 trillion in the previous year.

With such growth in business scale, management revenue and sharia net profit sharing amounting to IDR 1.4 trillion, rose 45.0% compared to 2018's IDR 9.65 billion. The Bank finally recording net profit increase at 40.6% to IDR 2.99 trillion from 2018 which amounted to IDR 2.13 trillion. Meanwhile the comprehensive profit of 2019 totals IDR 2.98 trillion, rose 25,8% from IDR 2.37 trillion in 2018.

Bank BTPN is and will continue optimizing the integration of those great competencies as it becomes a key strength in supporting Indonesia's sustainable economic development. Therefore, operating with business scope of nearly the entire Indonesia, the Bank has prepared strategies to grasp such business growth opportunities. Meanwhile, the Bank would remain prioritizing balance between economic performance and social-environmental performance in line with sustainability principles and global-scale Sustainability Development Goals.

Bank BTPN outlines the strategy in its Bank Business Plan and the Sustainable Financial Action Plan as required by OJK Regulation No. 51 concerning the "Application of

Sustainable Finance To Financial Services Institution, Issuer And Publicly Listed Companies".

Bank BTPN has established several strategic initiatives to optimize the existing competencies to support the achievement of various sustainability goals, including through:

1. Development and improvement of Sustainable Financial Service Product Portfolio.
2. Development of Human Resources competence, especially on the introduction and the mitigation of environmental and social risks in banking activities.
3. Development of organization, policies, process and integration of the environment, social and governance (ESG).



This good economic performance enabled the Bank to increase the economic values distributed to the stakeholders-which comprise the owner of leased property, employee salary and service providers of vehicle rental, fee for IT system and other operational costs, totaling IDR 15.22 trillion from IDR 10.62 trillion in 2018.

Bank BTPN contributes directly to the state revenue through tax payments or other levies amounting to IDR 580.44 billion from IDR 545.84 billion in the previous year, and generated funds for corporate social responsibility activities, or Social Community Empowerment

amounting to IDR 9.11 billion. The Bank also distributed economic value generated to the donors in the form of interest payment and sharia profit sharing amounting to IDR 3.33 trillion, went up from IDR 2.81 trillion in the previous year.

The increase of distributed economic value generated was in line with the stakeholders' expectations, while the Bank remains considering its capabilities in realizing business development plans.

Moreover, Bank BTPN made large contributions by providing branchless

banking services to support business development of micro business players and to support OJK programs, namely through Laku Pandai program. Running the BTPN Wow! digital banking service product platform, Bank BTPN provides access to banking services for unbankable segment who had no such access at all to banking services. Up to late 2019, as many as 260,587 Laku Pandai agents operating in over 230 cities in 25 provinces have reached over 6 million customers across Indonesia.



## Performance of Social Community

Bank BTPN has a unique and specific program aimed at improving the lives of the community, i.e. 'Daya'. Daya platform is a concrete realization of the Bank in implementing the vision and mission to improve the quality of life of customers and communities. In addition to realizing Bank BTPN's commitment to creating more meaningful life for the customers of mass market, Daya also serves as the Bank BTPN's unique value proposition and important contributor to the Bank BTPN's performance.

Daya has four pillars:

- Competence Development
- Personal Financial Health
- Capacity to Grow for Business
- Sustainable Living

With those pillars, Bank BTPN always strives to embrace all societies to make better life.

To provide access for communities to join the existing empowerment programs, the Bank has the Daya platform in digital version, Daya.id. The platforms enables customers and the public in general to take the

benefits from relevant empowerment programs anytime, anywhere. Up to 2019, the Daya.id website has reached 166,031 visitors, of which 12,199 were logged in.

Daya provides numerous empowerment programs, from consultation with experts regarding business development and health, financial literacy, new market access to new business opportunities. With Daya, Bank BTPN supports the Government's efforts to improve well-being, and reduce inequality.

## Performance of Environmental Preservation

Ideally, Bank BTPN's operational activities generate minimum risks on the environment. The efforts to preserve the environment are based on three approaches, namely: The implementation of environmentally-friendly financing policies, environmentally-friendly funding and environmentally-friendly operational policy.

With regard to the first approach, Prior to tying up with Bank BTPN, SMBCI has prepared and applied green corporate finance by rolling out Green Banking Activities in a number of sectors including renewable energy, eco-friendly plantations, green transportation, and energy efficiency. On account of the first approach, Bank BTPN carries forward the competence that SMBCI holds. In 2019, green funding worth IDR 2.4 trillion has been channeled to 7 corporations, including PT UPC Sidrap Bayu Energi and INKA.

On the second approach, namely environmentally friendly funding, Bank BTPN plans to issue social fund.

While on the third approach, Bank BTPN is fully committed to implementing the concept of Green Office, including the policy of banning bottled drinking-water in its operational activities and with the support of the latest information technology, through applying the

concept of 'smart' building to save energy and provide independent water sources to reduce the waste of plastic bottled water.

As part of an attempt for improving the quality of operational implementation of environmentally friendly banking, Bank BTPN now adopts carbon footprint calculation to measure the amount of greenhouse emission that its operations discharge prior to rectifying its way of work.

## Conducive Working Environment

Bank BTPN demonstrates its commitment to the creation of a conducive working environment through the implementation of the fundamental policy in human resources management, i.e. equality and equity in opportunities. Bank BTPN also always involves the role of the Bank BTPN Workers Union (SP BTPN) as a constructive discussion partner on a regular basis.

Bank BTPN carries out its main programs in human resources management of Recruitment, Education and Training, Performance Assessment, Career Assignment and the fixing of remuneration packages based on fundamental policy.

In 2019, the Bank held 279 training and development sessions, where 9,201 employees participated, with the average of 24 training hours per

employee. Bank BTPN invested IDR 110 billion in this program.

As part of the effort within Bank BTPN to help employees grow professionally, periodic performance assessments of all employees based on the Key Performance Indicators which are mutually agreed upon have been performed. Bank BTPN offers promotions for employees with outstanding performance by paying attention to their very chances and needs in line with business growth. In 2019 the Bank promoted 1,108 employees.

Bank BTPN also provides adequate remuneration packages, determined based on periodic market surveying, and offer pension programs to ensure the welfare of employees reaching the age of retirement.

## Improving The Quality of Governance

Bank BTPN believes that stakeholder expectations and sustainability goals could be achieved more efficiently if the Bank obtains the full trust of stakeholders. This would be possible with quality management of Bank BTPN in implementing good corporate governance principles. Throughout 2019, Bank BTPN put out efforts to improve the quality of corporate governance, including clarity of tasks and responsibilities of company organs, improvement of

the quality of risk management, and intensification of prevention/follow-ups to fraud.

## Closing

Bank BTPN believes that all the efforts it has taken throughout the year of 2019 show a clear picture to stakeholders of the strong commitment of all staff to support the achievement of sustainability goals. The Bank also underlines its commitment to continually meeting stakeholders' expectations through the optimization of the resources available in effective and efficient ways.

On behalf of the Board of Directors, I would like to convey our appreciation and gratitude to all employees and stakeholders for various achievements of Bank BTPN in 2019. Thanks to the dedication, innovation and hard work of all levels of employees and management, also support from all stakeholders, Bank BTPN has successfully overcome various obstacles, recorded substantial business growth and laid the foundations for the actualization of the commitment to supporting sustainability goals together with other world corporate citizens.

With all the success achieved in the first year of operating following a merger between two financial entities, Bank BTPN is now ready to leverage all the competences it possesses and to work together with all stakeholders including the customers and especially all levels of employees to improve performance, provide significant contributions to the development of the Indonesian economy, increase the welfare of all stakeholders and realize sustainability goals.

Jakarta, February 2020



President Director  
**Ongki Wanadjati Dana**







# About the Sustainability Report

---

“

**This first ever Sustainability Report is drafted based on the GRI Sustainability Reporting Standards, issued by the Global Reporting Initiative [GRI]-Core, out of two options, Core or Comprehensive. Through this Report, Bank BTPN shows its commitment to support national economic growth by providing banking services that are comprehensive, reliable, and in line with efforts to fulfill Sustainable Development Goals (SDGs).**

”



We wish you good reading of this first Sustainability Report, or “the Report”, of PT Bank BTPN Tbk. Through this report, Bank BTPN provides an overview of its effort to realize the commitment to support national economic development by providing environmentally friendly banking and services accessible for all walks of life. This report also describes the efforts to meet stakeholders’ expectations of

ensuring the fulfillment of Sustainable Development Goals (SDGs).

### **Guidelines, Standard & Assurance of Report**

This first ever Sustainability Report was prepared by referring to the Global Reporting Initiatives (GRI) Sustainability Report Preparation

including Financial Services Sector Disclosure (FSSD), with ‘Core’ standard option. The report also refers the Regulation of Financial Services Authority (OJK) Number 51/POJK.03/2017 concerning Application Of Sustainable Finance To Financial Services Institution, Issuer And Publicly Listed Companies. [\[GRI 102-54\]](#)

Bank BTPN observes the materiality principle in determining the issues to be considered important for stakeholders and in running its business activities. The disclosure indicators of GRI Standard Core applied are presented with the index in square brackets and in custom color on each of the relevant pages, as well as summarized in the Standard Core Index List on page 116. [GRI 102-55]

Considering that this Report is the first edition, there are neither significant changes on data comparison, nor changes to the supply chain of Bank BTPN. Neither there is re-statement as a result of amendment to Indonesian Financial Accounting Standards (PSAK) compared with data in the previous publication year. Moreover, keeping in mind that this is the premier report, Bank BTPN has not yet had the latest reporting date. [GRI 102-10, GRI 102-48, GRI 102-49, GRI 102-51]

This Sustainability Report has not been checked by an External Assurer. However, we still strive to keep this Report be in line with the GRI standards. Therefore, we employ National Center for Sustainability Reporting's (NCSR) services to check the conformance to GRI

Standard Reports. The declaration of conformity of the report is available on page 110. [GRI 102-56]

### Reporting Period and Cycle [GRI 102-50, GRI 102-51, GRI 102-52]

This report shows various programs and activities Bank BTPN conducted in running its operational activities, while being fully committed to support the fulfillment of sustainable development goals and reach a balance among the economic, social and environmental performances. The report on program realization comes with the data that are relevant to the choice of material topics during the last two years, in the period of January 1, 2019 - December 31, 2019 and its comparison to that of 2018 period. Bank BTPN has passed internal verification stage to ensure the credibility and quality of information provided in this report. Bank BTPN plans to issue this report is annually.

Data and activities served in this Report relate to Bank BTPN data and the financial data in the Audit Report. [GRI 102-45]

The financial data reporting referred to the Indonesian Financial Accounting Standards (PSAK). While for sustainability data, Bank BTPN

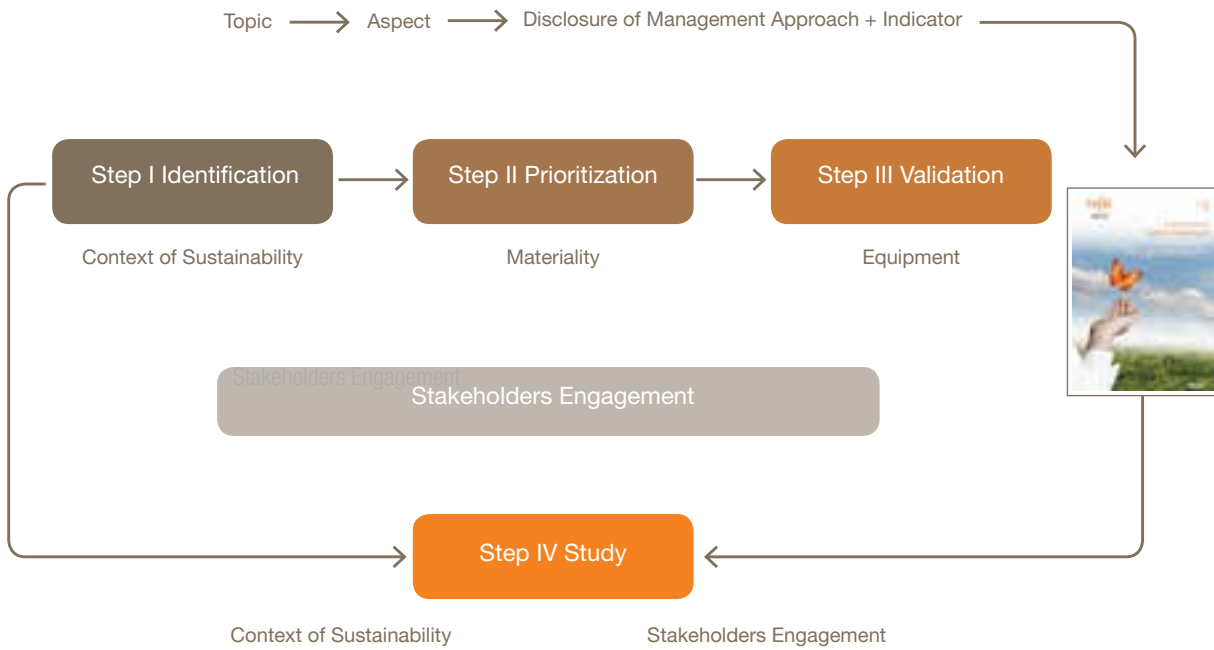
uses internationally-applicable data measurement technique. The quantitative data in this report are stated in comparability principle in two-year period in line with the boundaries that have been set.

Bank BTPN would validate and review this report by taking into account the feedback from the stakeholders, both internal and external parties of the Bank, submitted through the Suggestion Form attached to the Report. In addition to that, Bank BTPN will consider the stakeholders' response conveyed in the specific activities that involved them, such as General Shareholders' Meeting, meeting analyst, media gathering, etc.

The validation and review are also aimed to assure that the report contains balanced content, between positive and negative performances. To improve the report's quality in the future, Bank BTPN would also take in the inputs, suggestions and concerns of the stakeholders.

The Report content was determined by aligning with the principles required in the GRI Standards, i.e.: Stakeholders inclusiveness; Materiality, Sustainability context and Completeness, as illustrated in the scheme below. [GRI 102-46]

### Flow of Content Determination



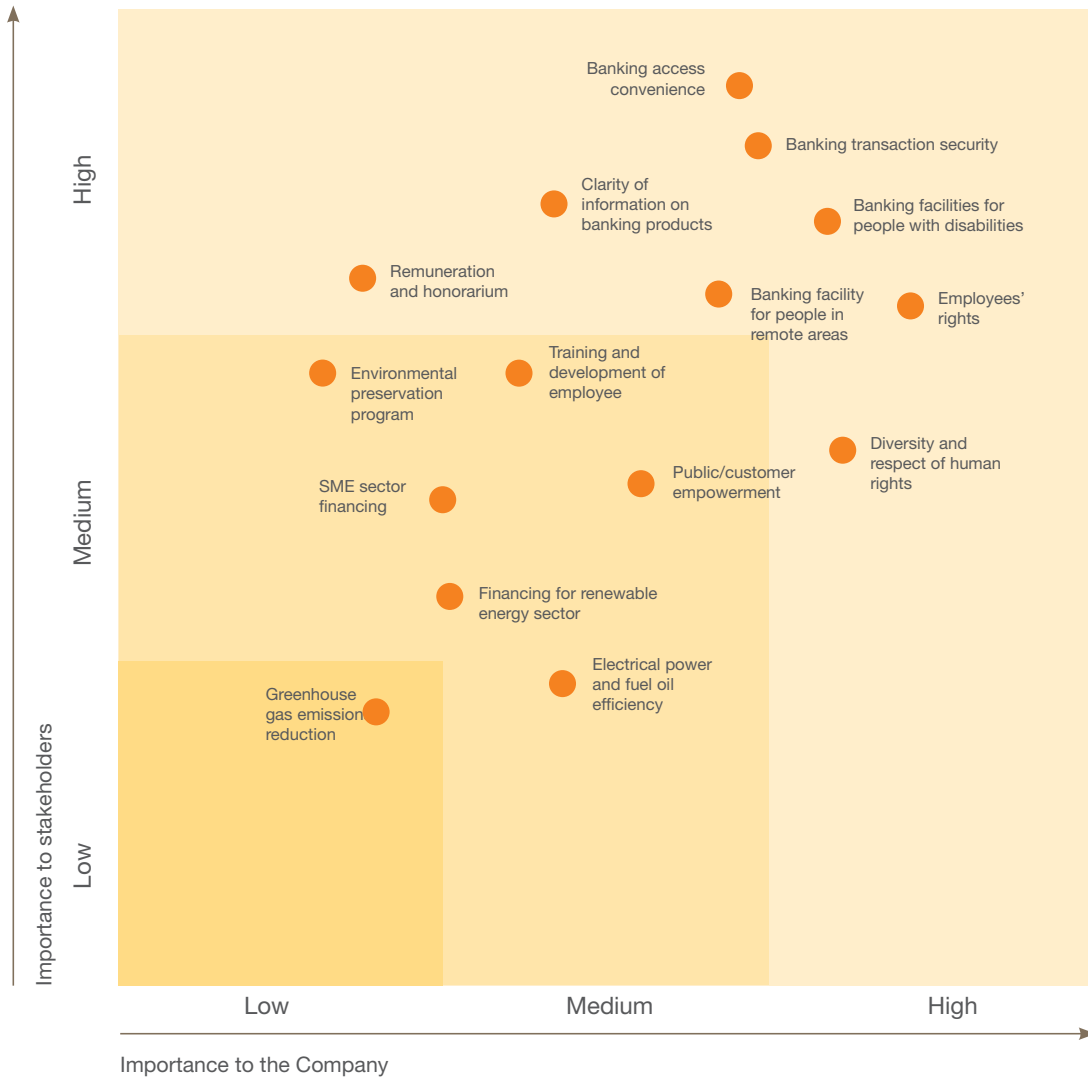
#### Significant Impacts and Materiality Test [GRI 102-47]

In defining the topics of the Report, the Bank undertook a review of materiality impacts, establishing an internal discussion group to discuss the operational impacts on major

stakeholders, and considering input from external parties with investors during meetings and with surrounding communities during interactions with them. In the review, the relevance between topics and sustainability issues in GRI Standards was also taken into account, especially issues regarding sustainable finance.

The materiality review decides on which material topics should be presented in the Report. Bank BTPN then sets a list of material topics and the corresponding disclosure index as well as the reporting boundary. This is illustrated in the matrix and materiality table below.

### Materiality Matrix Diagram [GRI 102-47]



17 material topic groups meet the criteria of having the most material impact on Bank BTPN's sustainability performance. Consecutively, Bank BTPN sets 36 disclosures within material topics, as follows:

**List of Material Topic and Scope of the Report [GRI 102-47]**

No	Material Aspects [GRI 102-47]	Reason of Materiality [GRI 103-1]	Disclosure Index	Boundary	
				Within Bank BTPN	Outside Bank BTPN
<b>ECONOMY</b>					
1	Financial/Economic Performance	Having significant impacts on stakeholders	201-1, 201-3	✓	
2	Market Presence	Having significant impacts on stakeholders	202-1	✓	
3	Indirect economic impacts	Having significant impacts on stakeholders	203-1	✓	✓
4	Anti Corruption	Having significant impacts on stakeholders and the Company's reputation	205-3	✓	✓
<b>ENVIRONMENT</b>					
5	Energy	Having significant impacts on stakeholders	302-1	✓	
6	Emissions	Having significant impacts on stakeholders	305-1, 305-2, 305-3	✓	
<b>SOCIAL</b>					
7	Employment	Having significant impacts on stakeholders and business continuity	401-1, 401-3	✓	
8	Training and Education	Having significant impacts on stakeholders and business continuity	404-1, 404-2, 404-3	✓	
9	Diversity and Equal Opportunity	Having significant impacts on stakeholders	405-1, 405-2	✓	
10	Non-discrimination	Having significant impacts on stakeholders	406-1	✓	
11	Freedom of Association and Collective Work Agreement	Having significant impacts on stakeholders and the Company's reputation	407-1	✓	✓



No	Material Aspects [GRI 102-47]	Reason of Materiality [GRI 103-1]	Disclosure Index	Boundary	
				Within Bank BTPN	Outside Bank BTPN
12	Human Rights	Having significant impacts on stakeholders	412-2, FS4	✓	
13	Local Communities	Having significant impacts on stakeholders and the Company's reputation	413-1, 413-2, FS14	✓	
14	Marketing and Product Label	Having significant impacts on stakeholders and the Company's reputation	417-1, 417-2, 417-3	✓	
15	Customer Privacy	Having significant impacts on stakeholders	418-1	✓	
16	Compliance with Social and Environmental Regulations	Having significant impacts on stakeholders and the Company's reputation	419-1	✓	
<b>FINANCIAL SERVICE SECTOR</b>					
17	Green Funding/Lending	Having significant impacts on stakeholders, sustainability and the Company's reputation	FS1, FS2, FS3, FS4, FS6, FS7, FS8, FS14, FS15, FS16	✓	✓

### Contact [GRI 102-53]

If you need further information or have questions regarding this Report, please contact:

#### Communications & Daya Division

##### PT BANK BTPN Tbk

Menara BTPN, CBD Mega Kuningan

Jl. Dr. Ide Anak Agung Gde Agung Kav. 5.5-5.6 Jakarta Selatan - 12950 - Indonesia

Tel. : (62-21) 300 26 200

Fax. : (62-21) 300 26 309

Website : [www.btpn.com](http://www.btpn.com)

Email : [corporate.communications@btpn.com](mailto:corporate.communications@btpn.com)

Linked in: PT Bank BTPN Tbk



# About BANK BTPN

---

“

**Bank BTPN has now become a larger and stronger bank, having a variety of business and serving wider range of customer segments, from mass market or retail to corporation.**

”

---

# Brief Profile

## Company Name

[GRI 102-1]

PT Bank BTPN Tbk

## Line of Business

[GRI 102-2]

Commercial Bank

## Business Permit

[GRI 102-2]

Foreign Exchange Bank Activity

## Head Office

[GRI 102-3]

Menara BTPN,  
CBD Mega Kuningan  
Jl. Dr. Ide Anak Agung  
Gde Agung. Kav 5.5-5.6  
Jakarta Selatan 12950,  
Indonesia

Phone (62 21) 300 26 200

Fax (62 21) 300 26 309

www.btpn.com

Linked in : PT Bank BTPN Tbk

## Operational Areas and Service Networks

[GRI 102-4]

- 520 offices
- 217 ATMs (Automated Teller Machine) and TCRs (Teller Cash Recycler)

## Market Coverage/ Area of Operation

[GRI 102-6]

In all regions of Indonesia

## Legal Basis of Establishment

[GRI 102-5]

- Notarial deed No. 21 dated October 6, 1959 of Notary Noezar S.H
- Notarial deed No. 203 dated May 31, 1960 of Notary Noezar S.H.
- Notarial deed No. 53 dated November 7, 1960 of Notary Noezar S.H.
- State Gazette No.13, Supplement No. 5 dated February 14, 1961

## Subsidiary Entity

[GRI 102-45]

The Bank has one subsidiary entity with ownership of 70%, namely PT Bank Tabungan Pensiunan Nasional Syariah Tbk (BTPN Syariah)

## Authorized Capital

IDR 300,000,000,000  
(three hundred billion Rupiah)

## Subscribed and paid up capital

IDR 162,978,577,380  
(one hundred sixty two billion nine hundred seventy eight million five hundred seventy seven thousand and three hundred eighty Rupiah).

## Company Rating

AAA (idn) Outlook Stabil –  
Fitch Rating Jk Pjng

## Date of Establishment

[GRI 102-3]

February 16, 1958

## Product

[GRI 102-2]

- Funding
- Financing

## Ownership

[GRI 102-5]

- Sumitomo Mitsui Banking Corporation (92.43%)
- Public (5.23%)
- PT Bank Central Asia Tbk (1.02%)
- PT Bank Negara Indonesia (Persero) Tbk (0.15%)
- Treasury shares (1.17%)

**Products/ Services**  
[GRI 102-2]

- BTPN Retail Funding Business
  - Giro Sinaya
  - Taseto Premium
  - Taseto Bisnis
  - Tabungan Pasti
  - Deposito Berjangka
  - Deposito Fleksi
  - Bancassurance
  - Mutual Fund
  - Government Bond
- BTPN Retail Lending Business
  - Pension Loan
  - Pre-Pension Loan
  - Employee Loan

- BTPN Business Banking
  - Working Capital Financing
  - Investment Financing
  - Supply Chain Financing
  - Asset-Based Financing
  - PaketMU - Business Partner Package
- BTPN Corporate Banking
  - Working Capital Loan
  - Investment Loan
  - Syndication Loan and Project Financing
  - Trade Finance and Cash Management (SMAR&TS)
  - Treasury

- BTPN Wow!
  - Basic Saving Account
  - Regular Saving Account
  - Pico Loan
- BTPN Jenius
  - Save It
    - a. Flexi Saver
    - b. Dream Saver
    - c. Maxi Saver
  - Flexi cash

**Membership in Industrial Associations**  
[GRI 102-13]

Active member in the Indonesian Public Listed Companies Association (AEI), Communication Forum of Bank Compliance Directors (FKDKP), Association of Indonesian National Private Commercial Banks (Perbanas), and Banker Association for Risk Management (BARa).

**BANK BTPN IN BRIEF**

Established in Bandung, West Java in 1958 under the name Badan Pegawai Pensiunan Militer (Bapemil), the Bank changed its name to Bank Tabungan Pensiunan Nasional in 1986. Today Bank BTPN has its headquarters in Jakarta and branches in more than 300 cities throughout Indonesia. Initially, Bank BTPN was a bank which focused on

servicing and empowering low income communities that consist of the retirees, micro, small and medium enterprises (MSMEs) and productive poor communities.

Following the merger effective on February 1, 2019, Bank BTPN now offers a wider range of banking products and services. Customer

segmentation served also increasingly widens, starting from low productive segments, micro, small and medium enterprises (MSMEs), mass market, to corporate customers. In addition, Bank BTPN also develops digital mobile banking platforms: BTPN Wow! launched in 2015, and Jenius, in 2016.

Bank BTPN integrates social programs as part of its business activities. Our tagline, "Together, we create opportunities for growth and greater significance" is not just our social responsibility, but integrated in our daily business activities down to the branch level.



## MILESTONES

- 1958 BTPN was established in Bandung, West Java, under the name Bank Pegawai Pensiunan Militer (Bapemil).
- 1960 - obtained license as a commercial bank.
- 1986 - BTPN changed its name to PT Bank Tabungan Pensiunan Nasional.

TPG Nusantara S.à.r.l. acquired 71.6% shares of BTPN through the purchase of shares in Indonesia Stock Exchange. BTPN became a publicly listed company with asset value of IDR 13.7 trillion as of end 2008.

- Launched micro and small business (MSB), i.e. BTPN Mitra Usaha Rakyat.
- Opened 539 branch offices and recorded a credit growth up to IDR 2.3 trillion.
- Issued first IDR bonds ranked A+ (National) by Fitch Ratings
- Received a long-term Rupiah facility from International Finance Corporation, a subsidiary of The World Bank

- Issued two long-term bonds at IDR 2.4 trillion.
- Completed rights issue with total value of IDR 1.3 trillion.
- As of end 2010, the Bank's asset totaled IDR 34.5 trillion, up from IDR 13.7 trillion at the end of 2008; the Bank was at 10th place for market capitalization value and 5th place for number of branches.

1958-1986

2008

2009

2010

2014

2015

2016

- Sumitomo Mitsui Banking Corporation (SMBC) of Japan expanded its share ownership of BTPN to become the controlling shareholder with 40.0%. SMBC is Japan's second largest bank by market value with some USD1.3 trillion in assets.
- This puts BTPN in a favorable position of not just having a strong shareholder, but also through them, having access to the regional and international financial markets whenever needed.

- BTPN formally launched BTPN Wow!, a digital mobile banking platform for the mass market that utilizes a simple mobile phone and is enabled by agents to widen its network reach in order to serve the previously unbanked communities.
- Enabled banking transactions include account opening, money transfers, withdrawals, bill payments and applying for micro loans or micro insurance products.
- The goal is to persuade customers to do banking transactions through their mobile phone, as if they have a bank in their hands.

- In February 2016, BTPN began operating as a foreign exchange Bank after the Bank received its foreign exchange license in December 2015, which enables it to conduct foreign currency transactions and this provides more flexibility to BTPN to start offering liability deposit products in foreign currency.
- In the latter half of the year, Jenius, the second mobile phone platform was launched. The Jenius mobile banking service, uses a smartphone to connect a customer's account with the Bank and conduct banking transactions. The service, which is intuitively user-friendly and uses social media features, is targeted to the urban tech-savvy higher income segment.
- The service has generated considerable interest since its launch. By December, it had 70,000 followers on social media sites and over 3 million YouTube views.



- Launched Daya, a sustainable mass market enablement program, and an integral part of its business.
- Launched the funding program Sinaya
- Piloted the Shari'a community banking business, a sharia community originated from Bank BTPN's subsidiary (Bank BTPN Syariah - Tunas Usaha Rakyat).
- Expanded its ATM network with ATM Prima network, in addition to its existing ATM Bersama network.
- This brings its ATM linked network to more than 57,331 ATMs throughout Indonesia

- Bank BTPN's subsidiary (Bank BTPN Syariah - Tunas Usaha Rakyat) grew significantly with 28,927 community centers in Banten, West and East Java by the end of the year, empowering over 444,000 customers in the grass-root community.
- BTPN completed the piloting of its new mobile phone banking called BTPN Wow!, which was later rolled out in 2015.

- In 2013, Bank BTPN's subsidiary (BTPN Syariah - Tunas Usaha Rakyat) grew fast, more than doubling the size to about IDR 1.4 trillion and contributed about 3.0% of total loan. The sharia unit has 69,500 community groups (sentra) across the country, empowering over 931,500 customers in village communities.
- BTPN acquired PT Bank Sahabat Purba Danarta (Bank Sahabat) and converted it into a sharia bank before spinning off its sharia unit into the newly acquired entity in 2014.
- Sumitomo Mitsui Banking Corporation (SMBC) from Japan became 24.3% owner in BTPN through the purchase of shares owned by TPG Nusantara S.à r.l. (TPG) and other shareholders



2017

- Realized the transformation project named 'Gemilang,' covering the Bank's organization, technology, people and risk controls.
- The Bank's branch network underwent a major transformation, where all branches can provide banking services to all of its different customer segments.
- This considerably improved operational and cost efficiency and laid the foundation for growth going forward.

2018

- The Bank went through two major corporate actions. The first was an initial public offering (IPO) of its majority-owned subsidiary BTPN Syariah.
- The other was BTPN's merger with PT Bank Sumitomo Mitsui Indonesia (SMBCI) to become PT Bank BTPN Tbk. With this merger the Bank is able to provide a full range of financial services to a full spectrum of customers, from individuals to business enterprises, covering large corporations to micro and remote community enterprises.

2012

2013

# 2019

- PT Bank BTPN Tbk (Bank BTPN) officially operates as a new bank out of the merger between PT Bank Tabungan Pensiunan Nasional Tbk (Bank BTPN) and PT Bank Sumitomo Mitsui Indonesia (SMBCI). Bank BTPN becomes a universal bank that a variety of businesses and serves a wider scope of customer segments, starting from the mass market (retail) segment to corporations.
- Sumitomo Mitsui Banking Corporation (SMBC) released 4.91% of its ownership or equivalent to 400 million shares of Bank BTPN at the price of IDR 3,600 per share. This corporate action proves SMBC's commitment as a controlling shareholder of Bank BTPN to fulfillment of the obligations to release some of its shares so that the number of shares circulating in the public or owned by non-controlling shareholders reach 7.5%. In the merger between BTPN and SMBCI, the ownership SMBC as controlling shareholder increased to 97.34% following the cash offer and conversion of shares resulting from the merger.
- Bank BTPN announced the issuance of bonds through Sustainable Public Offer (PUB) IV Phase I amounting to IDR 1 trillion. All funds resulted from the bonds will be used to finance the credit expansion reaching all segments, starting from micro, small and medium enterprises (MSMEs), retail, to corporations.

## PRODUCTS AND SERVICES [GRI 102-2]

### BTPN Retail Funding Business

#### Giro Sinaya

Current account product in Rupiah and foreign currencies (US Dollar, Singapore Dollars and Japanese Yen), designed to support customers' business activities, includes individual and non-individual customers.

#### Taseto Premium

Savings account in Rupiah with return equals to time deposit and access convenience through ATM BTPN network, ATM Bersama network, ATM & Debit Prima network as well as internet and mobile banking facilities.

#### Taseto Bisnis

Savings account in Rupiah for corporate customers with return equal to time deposit.

#### Tabungan Pasti

Savings account in Rupiah and foreign currency (United States Dollar, Singapore Dollar and Japanese Yen) offering transaction convenience with easy and affordable account opening requirement.

#### Deposito Berjangka

Deposits which provide optimal return with a variety of tenures from 1-12, 18 and 24 months, in Rupiah and foreign currency (United States Dollar, Singapore Dollar, Japanese Yen).

#### Deposito Fleksi

Deposits in Rupiah currency which provide flexibility to break the deposit at any time, without administrative penalty charges.

#### Bancassurance Product

Unit Link insurance products, in liaison with PT Asuransi Allianz Life Indonesia, i.e. Guardia Premium (regular premium) and Guardia Investa (single premium).

#### Mutual Fund Product

Mutual fund products, in liaison with PT Mandiri Investment Management (MMI), PT Schroders Investment Management Indonesia, PT Ashmore Asset Management Indonesia and PT Maybank Asset Management as an investment alternative for Bank BTPN customers.

#### Government Bond Product

Government bond product, in liaison with several securities partners as an investment alternative for Bank BTPN customers.

### BTPN Retail Lending Business

#### Pension Loan

Pension Loan is a multipurpose loan product for retirees, offered with simple requirements, competitive interest rate, prompt services and flexibility in determining the amount and duration of the loan.

#### Pre-Pension Loan

Pre Pension Loan is a multipurpose loan product that is offered to customers who are approaching their retirement period with simple requirements, competitive interest rate, prompt service, and flexibility in determining the amount and duration of the loan. This loan can be used as business capital so that retiring employees can prepare for a prosperous retirement.

#### Employee Loan

Employee Loan is a multipurpose loan offered to active employees of an Institution that has a Cooperative Agreement with Bank BTPN, with simple requirements, competitive interest rate, prompt service and flexibility in determining the amount and duration of the loan.

### BTPN Business Banking

#### Working Capital Financing

Working Capital Financing is a financing facility given to Small and Medium Enterprises in order to fulfill their working capital needs. This product is developed to provide convenience and flexibility to fulfill fluctuating, permanent, seasonal, or contract-based working capital needs.

### Investment Financing

Investment Financing is a financing facility given to Small and Medium Enterprises in order to purchase capital goods, including but not limited to land and building, working vehicle, and machinery. This product feature has maximum tenor and repayment in monthly installment.

### Supply Chain Financing

Through this financing structure, Bank BTPN will cooperate with companies (Strategic Partner) to provide financing facilities to end users which are distributors, sub-distributors, agents, or suppliers of Strategic Partner. We offer comprehensive solutions for customers' business development, in which transaction processes and cash flows with customers partners' are planned to be managed via Bank BTPN web based application.

### Asset-Based Financing

Asset-Based Financing is an investment financing program (capex) in order to purchase capital goods, such as Heavy Equipment, Tug Boat and Barge, Commercial Transport Vehicle, others.

### PaketMU - Business Partner Package

Offers one banking solution package for businesses, which includes loans

with flexibility in type of collateral and installment payment access, beneficial saving account also added with business development program to customers. (Business Development Program materials can be accessed online).

### BTPN Corporate Banking

#### Working Capital Loan

Loan facility in Rupiah, United States Dollar and Japanese Yen for corporate customers such as short-term financing and export-import related loan (trade).

#### Investment Loan

Longer financing terms increasing flexibility in maneuvering capital expenditure and minimizing immediate impact on operational cash flow for asset or equipment purchase.

### Syndication Loan and Project Financing

Investment loan or working capital loan facilities provided by syndication, i.e. several banks together financing a project or company including for infrastructure financing or other corporate loans.

### Trade Finance and Cash Management

Financing transactions and services with specialization of adjustable

financing structure, which include;

1) Trade Finance that consists of: Trust Receipt Loan, Export Bills Negotiation / Discounting, Forfaiting LC/SKBDN, Account Receivable & Payable Financing; 2) Trade Service that consists of: Bank Guarantee, LC Issuance (Sight, Usance, UPAS/ UPAU), Export Confirmation, Shipping Guarantee, Import Documentary Collection, and Export Documentary Collection.

### Cash Management (SMAR&TS)

SMAR&TS - (Sumitomo Mitsui Advanced Report & Transfer Services) provides internet banking services with high security level and wide range of features, including; Bank Report Service, Fund Transfer, Payroll, e-Tax Service, e-Trade Service, and Host-to-Host Service, as well as Liquidity Management service.

### Treasury

Products related to foreign currency sale and purchase, of which the purpose is for hedging against exchange rates and/or interest rates.



### **BTPN Wow!**

#### **Basic Saving Account**

Savings account in Rupiah which comes with electronic banking facilities and is developed based on “branchless banking” business model. This product is intended for customers who have not touched by appropriate banking service based on Laku Pandai regulation.

#### **Regular Saving Account**

Savings account in Rupiah which comes with electronic banking facilities and is developed based

on “branchless banking” business model. This product is intended for customers who have knowledge about banking products and services, and need more flexibility in transactions.

#### **Pico Loan**

Product of loan to resellers and customers of BTPN Wow! with amount and term that are determined afterwards. This is aimed to respond to customers’ need of short-term loans for working capital and business investment, and other urgent needs.

The two types of this loan are secured and unsecured.

#### **BTPN Jenius**

Jenius is a revolutionary banking initiative concerning digitalization process right from the beginning. Jenius offers comprehensive life finance solutions that would facilitate life in simpler, more intelligent and secure way. From dealing with the bills, transferring money quickly, to setting up the savings planning to realize dreams and goals, as well anticipate the unexpected in life.

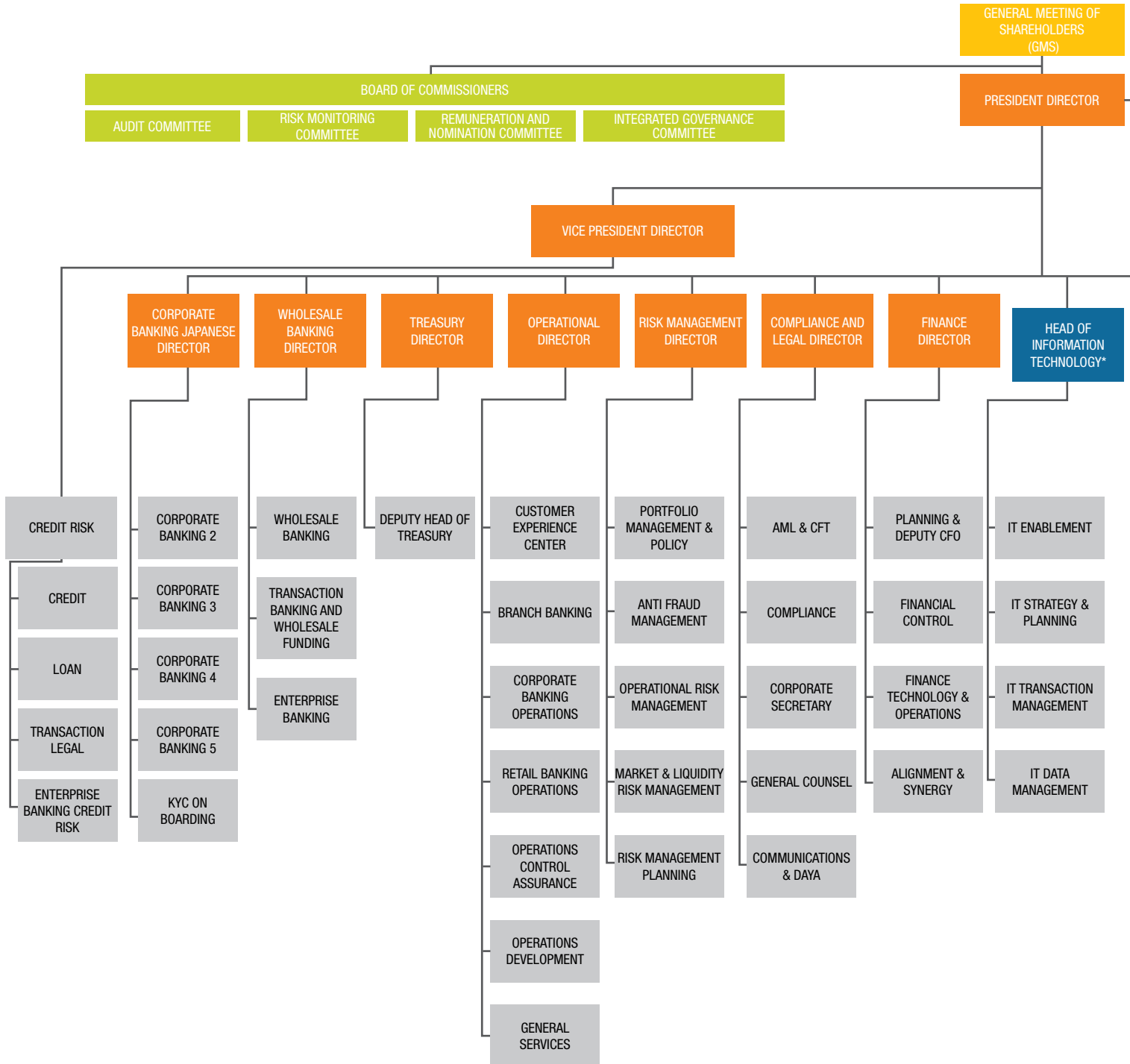
Jenius comes with Visa debit card that manages Life Finance on Android and iOS smartphones. Jenius is intended for digital-savvy and highly mobile people.

A wide range of features of Jenius are designed to help performing transaction processes more quickly, maximize savings yield with optimum interest and manage finance with additional debit card with allocated funds and limited budget.

1. Save It, separating deposits for savings from daily transactions through the following options:
  - a. Flexi Saver, savings with flexibility which can be withdrawn/ deposited according to the wishes of customers without being bound by a certain time period with 4% interest per year.

- b. Dream Saver, savings that is used to achieve the goals or dreams that customers want with an interest of 4% per year.
    - c. Maxi Saver, a time deposit that can be made, managed, and accessed directly from a smartphone with an interest rate of up to 5.75% per year.
  2. Flexi Cash, an emergency loan facility with flexible term. The application for loan is processed quickly and easily, without requiring additional documents.

# Bank BTPN Organizational Structure



\*Board of Management

Director

Board of Commissioners & Board of Directors Committee





BOARD OF DIRECTORS

ASSET AND LIABILITY COMMITTEE OR ALCO

RISK MONITORING COMMITTEE

INFORMATION TECHNOLOGY STEERING COMMITTEE

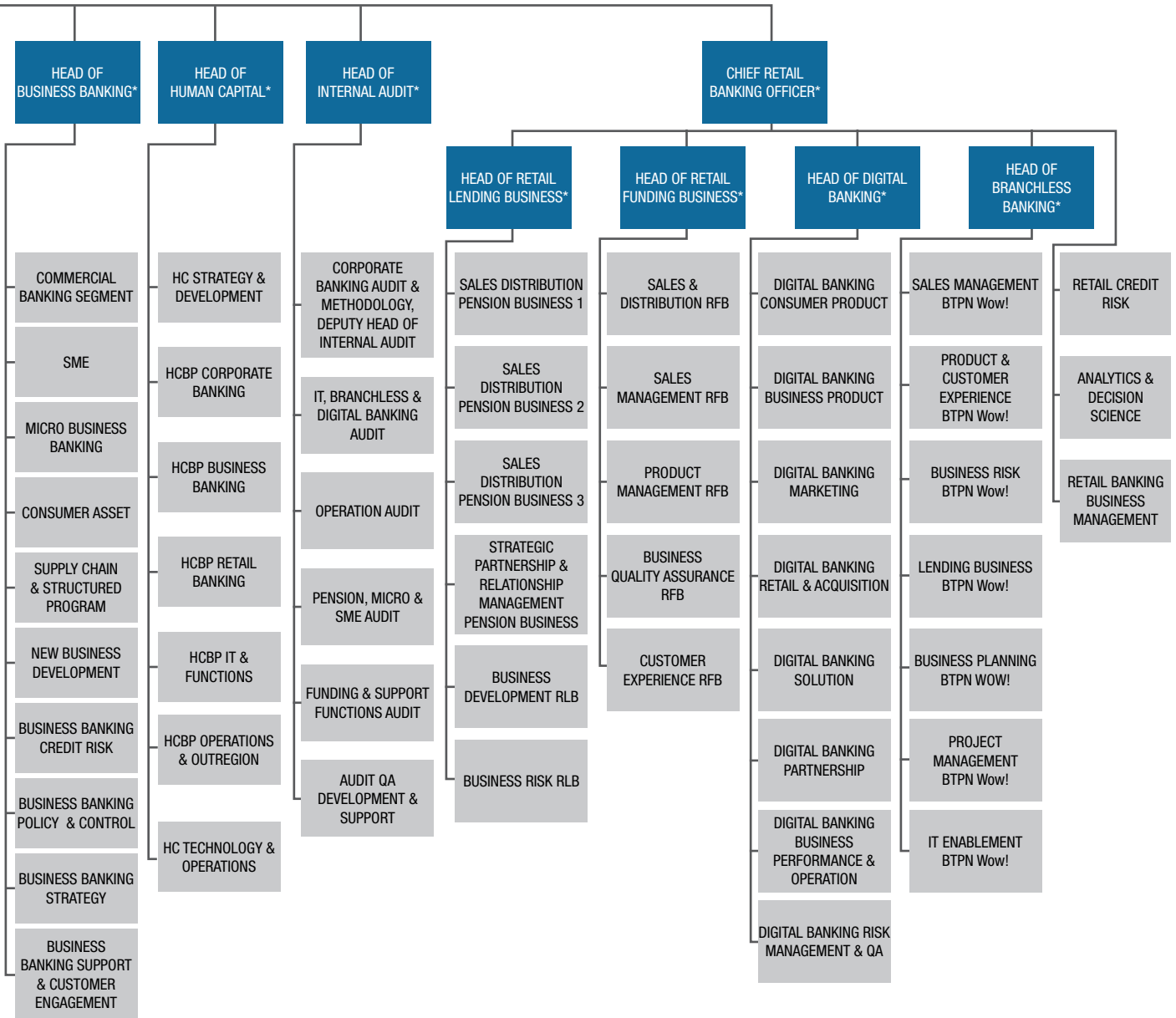
CREDIT COMMITTEE

CREDIT POLICY COMMITTEE

INFORMATION GOVERNANCE COMMITTEE

HUMAN CAPITAL COMMITTEE

INTEGRATED RISK MANAGEMENT COMMITTEE



## ECONOMIC OF SCALE [GRI 102-7]

As of December 31, 2019, Bank BTPN business scale grew as detailed below:

Description	Period		
	2019	2018	2017
Number of employees	7,740	7,802	8,152
Total Operational Income - Net (IDR million)	4,032,519	2,947,756	1,978,426
Total capitalization (IDR million):			
- Customer Deposits (IDR million)	86,939,479	70,844,712	67,918,073
- Borrowings (IDR million)	44,086,343	8,442,765	7,752,041
- Equity (IDR million)	29,868,043	17,604,660	16,529,493
- Total Assets (IDR million)	181,631,385	101,341,224	95,489,850
Number of Branch Offices	520	736	798
Number of Funding Products	38	40	27
Number of Financing Products	18	18	15
Number of Services	6	5	9



## SUPPLY CHAIN AND BUSINESS PARTNER [GRI 102-9]

In running its business activities, in case of special needs, Bank BTPN relies on cooperation with specific partners who are able to provide services in the long term and to well maintain the image of Bank BTPN. Such needs include the fulfillment of security personnel and customer service officers, also tellers, who are supplied under outsourcing schemes. Bank BTPN applies special

conditions according to the principles of sustainability in its cooperation with related parties.

Apart from that, to meet its operational needs, Bank BTPN partners with suppliers who are duly selected and regularly assessed. Suppliers are selected with the method of bidding/tender/direct appointment. Generally speaking,

suppliers and business partners are local supply partners with the location closest to the needing business unit. In partnership, Bank BTPN always endeavors to comply with and refer to the rules and regulations the goal is that no party is treated unjustly.

In 2019, Bank BTPN cooperated with 136 suppliers, a slight increase from 2018 which totaled 131 suppliers.



Merisa Darwis - Director of Operations  
During a volunteering act of Sahabat Daya program  
Shares to participants on how to save money

# Framework and Strategy of Sustainability

---

“

Bank BTPN is fully committed to support the initiative achievement of Indonesian Government's development goals as part of efforts to achieve development targets sustainable global scale in the formulation of Sustainable Development Goals (SDGs).

”

---

## GOALS OF GLOBAL-SCALE SUSTAINABLE DEVELOPMENT

Since the beginning of 2016 until the end of 2030, all countries in the world have agreed to start applying the concept of the global scale Sustainable Development as such formulated in Sustainable Development Goals also called Global Goals (SDGs). This formula covers three basic aspects in sustainability principles namely “3P”, or Planet, People, and Profit, the 17 goals are as follows:

# 1 NO POVERTY



End poverty in all its forms everywhere.

# 2 ZERO HUNGER



End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.

# 3 GOOD HEALTH AND WELLBEING



Ensure healthy lives and promote well-being for all at all ages.

# 4 QUALITY EDUCATION



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

# 6 CLEAN WATER AND SANITATION



Ensure availability and sustainable management of water and sanitation for all.

# 7 RENEWABLE ENERGY



Ensure access to affordable, reliable, sustainable and modern energy for all.

# 5 GENDER EQUALITY



Achieve gender equality and empower all women and girls.

# 9 INNOVATION AND INFRASTRUCTURE



Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.

# 8 DECENT WORK AND ECONOMIC GROWTH



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



# 10 REDUCED INEQUALITIES



Reduce income inequality within and among countries.

# 11 SUSTAINABLE CITIES AND COMMUNITIES



Make cities and human settlements inclusive, safe, resilient, and sustainable.

# 15 LIFE ON LAND



Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

# 12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Ensure sustainable consumption and production patterns.

# 13 CLIMATE ACTION



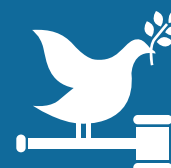
Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy.

# 14 LIFE BELOW WATER



Conserve and sustainably use the oceans, seas and marine resources for sustainable development.

# 16 PEACE AND JUSTICE



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

# 17 PARTNERSHIPS FOR THE GOALS



Strengthen the means of implementation and revitalize the global partnership for sustainable development.



Bank BTPN employees are involved in clean water charity in Pacitan as part of Sahabat Daya program

Indonesia is one of the countries located on the equator and having a vast tropical forest, which have stated their commitments to the support of fulfilling globally scaled formulated Sustainable Development Goals (SDGs) above.

**Supporting Achievement of Global Goals with Implementation of Sustainable Financial Action** [GRI 103-1 GRI 103-2, GRI 103-3]

Through the Financial Services Authority, the Indonesian Government issued the OJK Regulation Number 51/POJK.03.2017 on “Application of sustainable financing for financial service institutions, issuers, and public companies.” This regulation has set the time line of application for

all companies in finance sector and those listed in the Indonesian Stock Exchange (IDX).

There are five main reasons for the implementation of POJK 51, namely:

- Creating an inclusive and environmentally friendly business climate both for finance and non-finance sectors.
- Supporting sustainable economic growth.
- Encouraging stock exchange/finance actors to run business based on 3P (Profit, Planet, People) Principles.
- Promote decision making that takes economic, environmental and social aspects into consideration.
- Supporting business actors in stock exchange/finance sector issuing and publishing sustainability report.

As explicated in OJK Regulation No. 51 of 2017, the specific goals of Sustainable Finance are:

- Providing sufficient funding for the realization of sustainable development goals and the funding related to climate change.
- Increasing the resilience and competitive power of financial services agencies, issuers and public companies through better social and environmental risk management, developing financial products and/or services that apply sustainable finance principles, so as to contribute positively to financial system stability.
- Reducing social gaps, preserving the natural environment, maintaining biodiversity, and encouraging efficiency in energy and natural resource utilization.

- Developing financial products and/or services that apply sustainable finance principles.

All these goals are essentially in line with the SDGs. That is why the Bank is supportive towards and ready to apply the provisions of the regulation, by, among others, pioneering adjustments in its operational activity management and the reporting.

### Strategy and Initiatives of Sustainable Business Development [FS1, FS4]

As one of the banks having wide network and offering diverse banking services to segments ranging from Small and Medium-Scaled Enterprises to corporations, Bank BTPN is fully committed to the efforts of fulfilling Sustainable Development Goals (SDGs). To demonstrate this, Bank BTPN has set the Sustainable Finance goals in accordance with its business line, as follows:

- **Portfolio**  
Offering inclusive financial products and services to support sustainable development and climate actions.

- **Business Process**  
Offering financial products and services that integrate environmental and social risks as well as governance, observing environmental aspects in business decision-making and banking operations.
- **Learning and Growth**  
Developing Bank capacity and capability, internally and externally through partnerships, to run sustainable finance in line with stakeholder needs and business development orientation.

As part of its support of fulfilling the sustainability goals and demonstration of sustainable financing goals, the Bank has set comprehensive business development strategies. The Bank has also formulated some program initiatives which have been rolled out of will be performed in the next few years. These initiatives are in accordance with business activities that have been running and with the Bank's business development strategy. The initiatives Bank BTPN would conduct include:

1. Development and improvement of Sustainable Financial Service Product Portfolio.

- a. Training programs on preparation before entering retirement
  - b. MSME financing
  - c. Training programs on sustainability for MSME entrepreneurs
  - d. Environmentally friendly financing for the corporate segment
  - e. Social fund
  - f. Improving and streamlining micro-lending
  - g. Competency improvement and empowerment of BTPN Wow! agents
2. Development of Human Resources competence, especially on the introduction and the mitigation of environmental and social risks in banking activities.
  3. Empowerment, policies, process and integration of the environment, social and governance (ESG).



bank  
**btpn**

 **SMBC** A MEMBER OF  
SMBC Group

syariah  
**btpn**

# Sustainable Governance

---

“

To Bank BTPN, the trust of stakeholders is the fundamental principal; therefore it's important to maintain it both to ensure business continuity and to play its role and hold its responsibility as an intermediary institution. Thus Bank BTPN is fully committed to continuous implementation of Corporate Governance practices in all aspects of its operation.

”

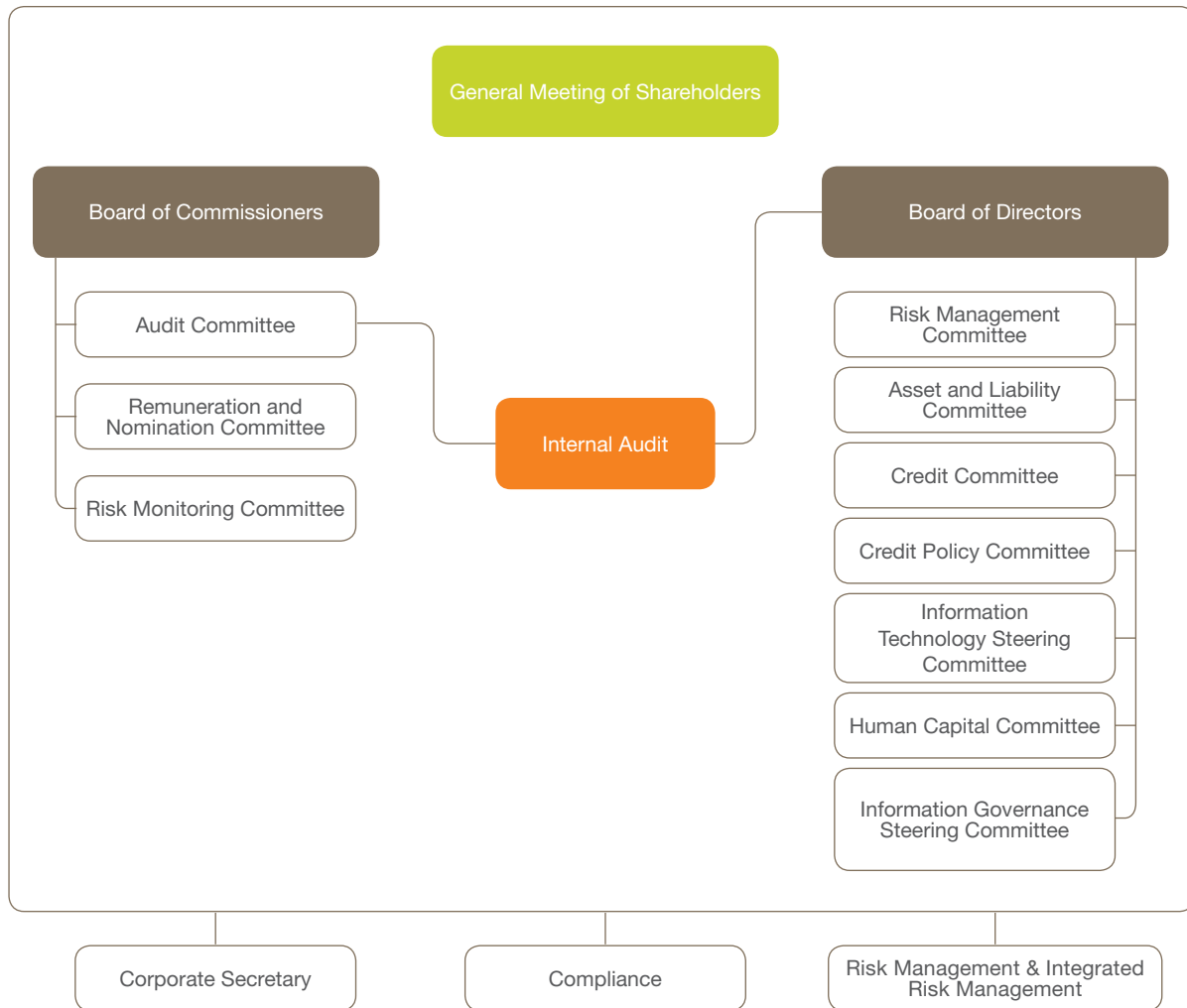
---

## **Commitment and Goals of Good Governance** [GRI 103-1]

Bank BTPN believes that maintaining stakeholders' trust is very important to ensure business sustainability and carry out its duties and responsibilities as an intermediary between creditors and debtors. Without such trust, the Bank will not be able to achieve Sustainable Development Goals and meet its stakeholders' expectations.

Therefore, Bank BTPN is fully committed to promoting good corporate governance practices, as set out in the Financial Services Authority Regulation (POJK) No.55/POJK.03/2016 concerning Governance Application for Commercial Bank. The Bank is committed to continuously refine and strengthen its good corporate governance practices in its business activities and operations.

**GOVERNANCE STRUCTURE, MECHANISM, AND GUIDELINES [GRI 102-18]**





Bank BTPN's corporate structure consists of:

- Primary organs: General Meeting of Shareholders (RUPS), Board of Commissioners, and Board of Directors.
- Supporting organs: Internal Audit, Compliance, Corporate Secretary, and Heads of Divisions.

The Board of Commissioners' main responsibility is to oversee, advise, and evaluate the Board of Directors' management policies. In performing its duties and functions, the Board of Commissioners is assisted by the Audit Committee, Remuneration and Nomination Committee, Risk Monitoring Committee, and Integrated Governance Committee.

The Directors are responsible for Bank BTPN day-to-day operations. In performing its duties, the Directors are assisted by Heads of Divisions and their teams, Corporate Secretary, and Directors' Committees.

Management's performance is measured through its qualitative and quantitative achievements. Areas include organization management, human resources, business development as well as economic, social, and environmental performance. Criteria are described in the Key Performance Indicators (KPI), which are set and reviewed annually.

[GRI 102-28]

The Three main organs of Bank BTPN carries out their functions in accordance with regulatory provisions, Bank BTPN's Articles of Association, and other provisions, on the principle that each body independently carries out its duties, functions, and responsibilities in Bank BTPN's interests.

### General Meeting of Shareholders (RUPS)

The RUPS is a forum where shareholders adopt decisions on corporate matters not under the purview of the Board of Directors and/or Board of Commissioners. These decisions include the approval and ratification of financial statements, annual reports, changes in the Board of Directors/Board of Commissioners, allocation of net profit, remuneration for Directors/ Commissioners, and other proposed corporate actions.

In accordance with the Indonesian Company Law (UUPT) and the Articles of Association, Bank BTPN must hold an Annual General Meeting of Shareholders once per year. It may also hold Extraordinary General Meetings of Shareholders if deemed necessary.

In 2019, the shareholders convened one Annual General Meeting of Shareholders and one Extraordinary General Meeting of Shareholders.

### Board of Commissioners

The Board of Commissioners is a primary corporate organ responsible to: supervise the Board of Directors management of the Bank; practice and execute strategic Bank policies; ensure all RUPS resolutions are carried out; provide guidance to the Board of Directors; and, ensure that the Bank adopts Good Corporate Governance (GCG) principles by complying prevailing legislation, including when setting the Bank's strategic goals. As part of its supervisory function, the Board of Commissioners submits an accountability report to the RUPS on its supervision of the Company's management and achievement of KPI targets with/by the Directors. The Board of Commissioners must submit a report to the RUPS to grant a release and discharge of liability (acquit et de charge).

The Board of Commissioners is elected, appointed, and responsible to the RUPS. In the reporting period, the Board of Commissioners had one President Commissioner and four commissioners, three of whom were independent commissioners. Members of the Board of Commissioners are appointed in the RUPS and must pass the fit and proper test. Members of the Board of Commissioners serve a three-year term and may be subsequently re-appointed. In performing its duties,

the Board of Commissioners is guided by the Board Charter, Articles of Association, Company Law, and prevailing legislation for banks and listed companies.

### Committees under the Board of Commissioners

In performing its duties and functions, the Board of Commissioners is assisted by the Audit Committee, Risk Monitoring Committee, Nomination and Remuneration Committee, and Integrated Governance Committee (IGC). Each of the committees is responsible to provide recommendations, within their respective areas of expertise, for the Board of Commissioners to carry out its supervisory duties as required by the law. Recommendations are given to achieve strategic economic, social, and environmental goals stated in the KPI. The committees also provide recommendations on supervising the Bank's operations, which include recommending the remuneration packages for the Boards of Commissioners and Directors, with consideration given to the Bank's performance achievements and financial position.

### Board of Directors

The Board of Directors is responsible to lead and manage the Bank in accordance with prevailing regulations. The Bank's management function consists of 5 (five) key components: leadership, risk

management, internal controls, communications, and social responsibility. The Board of Directors' duties and responsibilities are described in detail in the Board of Directors Charter, Articles of Association, Company Law, and prevailing legislation for banks and listed companies. Board of Directors' performance is measured against its KPI, consisting of achievements in economic, social, and environmental performance as well as in implementing good corporate governance. The KPI are set by the Board of Commissioners and agreed on by the Board of Directors.

### Committees under the Board of Directors

Committees under the Board of Directors are responsible to provide suggestions and opinions the Board of Directors for consideration when taking strategic decisions of certain operational aspects. Committees under Bank BTPN Board of Directors are the Asset and Liabilities Committee, Risk Management Committee, Information Governance Steering Committee, Human Capital Committee, Credit Committee, and Credit Policy Committee.

Each of the committees holds both routine and ad hoc meetings to discuss matters within their areas of expertise. The outcomes are specific recommendations and opinions to be considered by the Board of Directors

when issuing strategic operating policies.

### Policy Hierarchy

Bank BTPN adopts a Policy Hierarchy consisting of Primary Policies, Operating Policies, and Procedures. The system of hierarchy was adopted to establish clear guidelines when determining the primacy of the organization's regulations, rules, and policies. It also establishes technical operating rules to ensure that the organization is managed according to good and globally accepted governance practices. Each primary policy is made with reference to laws and regulations issued by the Bank Indonesia and OJK. Operating policies are made with reference to the Articles of Association, governance policies, governance guidelines, and Board Charters.

### Internal Control Systems

Bank BTPN applies internal control framework that uses the Three Lines of Defense model, where each function works independently with regard to risk management:

- The First Line comprises Business Work Unit and Assistance as Risk Taking Unit, assisted by related QA function to reinforce operational Risk management from day to day with discipline.

- The Second Line comprises the Risk Management Unit works with the Compliance Unit to define, refine, and ensure the implementation of risk management through adequate identification, measurement, monitoring, and control, including making appropriate policies and procedures in line with the Bank's needs and coordinate/facilitate the overall risk management activities.
- The Third Line, the Internal Audit independently conducts assessment to ensure that all inherent risks have been managed to keep the residual risk within the approved risk tolerance and risk appetite levels determined by the Bank.

Internal Audit has a supervisory function to evaluate risk management, effectiveness of internal controls, and governance of all aspects of the Bank's activities using a risk-based approach. In other words, it oversees the first line of defense (Risk Taking Unit and Quality Assurance) and the second line of defense (Compliance and Risk Management Unit).

Internal Audit evaluates the effectiveness of internal controls by taking into account the Bank's organization, human resources, customer service, infrastructure, and implementation quality of key processes that expose the Bank to risks.

It regularly monitors the progress of the corrective measures taken and reports to the President Director, Board of Directors, and Audit Committee. Every 3 years, Internal Audit is audited by an independent party to review compliance of Internal Audit practice with prevailing standards.

### Fraud Prevention and Eradication

Bank BTPN is fully committed to continuously fulfill and refine its overall internal control mechanisms to prevent, detect, investigate, and report fraud as well as to evaluate fraud prevention, in accordance with Bank BTPN Anti-Fraud Strategy.

Anti-fraud commitment is made in accordance with BI Circular Letter No. 13/28/DPNP dated December 9, 2011 concerning Anti-Fraud Strategy Application for Commercial Banks, refines its Anti-fraud Strategy to adapt with its growth, business environment, and regulatory changes, as follows:

1. Continuously harmonizing various business and work units that enforce the Anti-Fraud Strategy and zero tolerance enforcement.
2. Routinely communicate anti-fraud policies and whistleblowing channel through in-class training and internal media, animations, desktop ornaments, email blasts, and desktop wallpapers. Such communications contain

information on fraud and channels to report suspected fraud to all levels of the organization. In addition, the Bank also holds anti-fraud training to raise awareness of compliance culture and anti-fraud within Bank BTPN. Through this program, most of the employees of Bank BTPN have obtained sufficient knowledge on anti-corruption commitment, the impacts and sanctions for those who breach it.

Bank BTPN has a zero tolerance policy for fraud and bribery. To that end, the Bank has issued adequate anti-fraud policies and procedures that are continuously refined to meet prevailing regulations.

Every Bank BTPN employee is required to take an e-learning refreshment anti fraud and induction anti fraud for new employees. This had been going on for several years before.

### Whistleblowing Management [GRI 205-3]

Bank BTPN has launched a systematic, easy to use, and secure Whistleblowing Channel to report violations and fraud as part of its Anti-fraud Strategy. The channel can be accessed by employees, Directors, and Commissioners. Its functions

are regularly shared with every employee through the Bank's internal communications.

Reports made to Bank BTPN's Whistleblowing Channel are managed as follows:

- All reports with valid initial evidence of fraud and corruption are investigated.
- Reports are forwarded to the fraud committee to render sanctions according to prevailing regulations.

In 2019, the whistleblowing channel received 43 reports, including reports of fraud and corruption. The reports have been investigated by the Anti-fraud Management Unit and Human Capital unit. Based on the investigation, there are 18 fraud cases that have been proven (42% of complaints and 0.2% of total employees) after further investigation. All suspected persons have been given strict sanction by fraud committee according to the applicable terms.

While in 2018, there were 50 complaints, of which 6 (12% of the number of complaints and 0.1% of total employees) have been proven committing a fraud after a thorough investigation process.

All of those perpetrators have also been acted upon and prosecuted under the applicable regulation. This implies that a whistleblower system

Bank BTPN developed has made a substantial contribution to the implementation of the current Anti-Fraud policy. [GRI 205-3]

### Code of Conduct and Integrity Pact [GRI 102-16]

Code of Conduct is a component of corporate culture that reflects the Bank's core values. For Bank BTPN, the Code of Conduct is the primary behavioral guideline for the Board of Commissioners, Board of Directors, Independent Parties, and employees. The Code of Conduct is reviewed from time to time, where its latest amendment was approved on August 12, 2015 by the Board of Directors in Memorandum No. M.036/DIRCLC/CCS/VIII/2015.

Bank BTPN holds an Induction Program on the Code of Conduct for new executives and employees. As part of the Bank's internal policy, it is also communicated through posters at both the head office and branch offices. Bank BTPN also holds training to raise awareness in Bank BTPN employees to comply with regulations and observe the Code of Conduct in their duties. [GRI 102-17]

In addition to the Code of Conduct communications, Bank BTPN also requires employees to sign the Integrity Pact and imposes strict sanctions for violations of its Code

of Conduct. Bank BTPN has a whistleblowing channel to ensure compliance with regulations and the Code of Conduct.

The whistleblowing channel, called Speak Your Mind, is a secure and confidential channel for everyone to report and voice their concerns. Employees can disclose misconducts and/or fraud, voice concerns, and/or send improvement suggestions.

Bank BTPN Code of Conduct governs the following ethical matters:

1. Compliance & Risk Management;
2. Conflicts of Interest;
3. Creating Conducive Working Environment;
4. Information Management & Security; and,
5. Customer and Stakeholder Relationships.

In 2019, there were zero violations against the Code of Conduct. In the event of a violation, the persons responsible will receive sanctions in proportion to the severity of the violation.

## External Initiatives

[GRI 102-12]

Following completion of its merger with SMBCI, Bank BTPN is officially the only national Indonesian bank to become an indirect member of the Equator Principles (EP) since SMBC has been an EP member since 2006. The Equator Principles is a risk management framework adopted by financial institutions to determine, assess, and manage environmental and social risk in project financing to third parties in emerging markets.

In addition to adopting the Equator Principles, Bank BTPN has also adopted the Risk Management Framework referring to OJK Regulation No. 18/POJK.03/2016 and OJK Circular No. 34/SEOJK.03/2016 on Implementation of Risk Management for Commercial Banks. When issuing policies and risk management strategies, Bank BTPN observes the OJK Regulation No. 4/POJK.03/2016 on Assessment of Soundness Rating of Commercial Banks and OJK CL No. 14/SEOJK.03/2017 concerning Commercial Bank's Health Assessment in determining policies including effective and efficient steps in prevention and improvement and risk management strategies.

In performing its core business activities, Bank BTPN uses the Poverty Probability Index

(PPI) to monitor its customers' performance. This is particularly true when managing its portfolio in the microfinancing and ultra-microfinancing segment, currently fully managed BTPN Syariah, the Bank's subsidiary.

## Risk Management System

[GRI 102-11]

In executing its functions, the Bank always faces risks that may disrupt the Bank's operational activities and consecutively influence the Bank's business continuity. To prevent and anticipate the risks from occurring, the Bank applies risk management principles consistently.

Bank BTPN at all the times assures that it observes the important elements as basis in assessing risk management application, namely:

1. Active oversight by the Boards of Commissioners and Directors.
2. Adequate risk management policies and procedures and setting risk limits.
3. Adequate identification, measurement, monitoring, and control of risks as well as risk management information systems.
4. Adequate overall internal control systems.

As part of prudent risk management practice, the process to identify,

manage, and mitigate the Bank's risks are described in the Risk Management Policy approved by the Boards of Commissioners and Directors. The Board of Commissioners is responsible to supervise the Board of Directors' risk management practices.

The Bank adopts a three lines of defense approach. Each business unit and supporting unit in the first line of defense must identify all risks and take preventive measures against potential risks. Such units must perform Quality Assurance (QA) functions to manage their respective risks.

The Risk Management Unit and Compliance Unit are the second line of defense, responsible to prepare bank-wide policies and procedures to guide units in the first line of defense. The second line of defense is also responsible to oversee how policies and procedures are implemented by units in the first line of defense. As the third line of defense, the Internal Audit evaluates the effectiveness of risk management carried out by the first and second lines of defense.

The Bank finds that it is exposed to Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Strategic Risk, Compliance Risk, and

Reputation Risk. The Bank has also identified risks within its products and activities – both current and future.

To ensure operational effectiveness and efficiency and comply with prevailing regulations, Bank BTPN's internal controls feature preventive action, early detection and corrective actions through dual control (four eye principle) supervision, segregation of duties, checks and balances as well as audit trail in systems and applications.

**Precautionary Principles or Approaches [GRI 102-11]**

Part of the Bank's risk management practice is adoption of the precautionary principles or approaches, i.e. emphasizing preventive actions on all identified potential risks. As the Bank is now a member of the Equator Principles, it recognizes that the Rio Declaration in 1992 mentioned the precautionary approach in order to protect the environment.

Accordingly, when supporting its clients' investments, especially corporate clients, the Bank requires them to meet environmental requirements, such as:

- Report on Environmental Impact Analysis to assess the legality of a client's business.
- Report on Corporate Environmental Protection Assessment Program (PROPER) from the Ministry of Environment and Forestry.
- Clients engaged in the plantation business, such as palm oil, must hold the necessary business permits, such as Plantation Business License (Izin Usaha Perkebunan, IUP), Plantation Business License for Cultivation (Izin Usaha Perkebunan Budidaya, IUP-B), Plantation Business License for Processing (Izin Usaha Perkebunan Pengolahan, IUP-P), Plantation Business Registration (Surat Pendaftaran Usaha Perkebunan, SPUP),

Indonesian Sustainable Palm Oil Certificate (ISPO), and Roundtable on Sustainable Palm Oil certificate (RSPO) if products are to be exported.

- And other similar requirements.

**Membership of Associations and Commitment to External Initiatives [GRI 102-13]**

Bank BTPN actively adopts external initiatives to respond to current developments. It also actively supports the achievement of the Sustainable Development Goals (SDGs).

To that end, Bank BTPN actively works with global institutions and organizations as a member and partner. The Bank's association memberships are as follows:

Association/ Initiative Name	Membership
Equator Principles	Indirect Member
Indonesia Banks Association (Perbanas)	Deputy secretary general
Communication Forum of Bank Compliance Directors (FKDKP)	Member of regulatory and policy department
Association of Indonesian Securities Issuers (AEI)	Member
Banker Association for Risk Management (BARa)	Member



## Stakeholder Management

Long-term business sustainability depends on Bank BTPN's ability to build a harmonious relationship with its stakeholders. The Bank has identified stakeholder groups with the strongest interest in its ability

to continue as a going concern and meet its stakeholders' expectations with available resources.

Our stakeholders are shareholders and investors, customers, employees, communities, partners/suppliers, government/regulators, and public figures/local officials.

The following table describes Bank BTPN's stakeholders after the Bank has mapped impacts, influence, and identified their engagement, recognizing that all stakeholders are engaged with sustainability reports.

### STAKEHOLDER MANAGEMENT

Stakeholders [GRI 102-40]	Identifying and Selecting Stakeholders [GRI 102-42]	Key Topics and Concerns Raised [GRI 102-44]	Engage Approach & Frequency [GRI 102-43]	Governance Management Function
Shareholders and Investors	<ul style="list-style-type: none"> <li>Dependence</li> <li>Influence</li> <li>Responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Organizational Governance</li> <li>Economic performance achievements</li> </ul>	<ul style="list-style-type: none"> <li>Bank BTPN's achievements are disclosed in the RUPS, quarterly reports, and annual reports.</li> <li>Direct communications and research reports to disclose material information.</li> <li>Engaged as necessary</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Secretary</li> <li>Investor Relation</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Dependence</li> <li>Responsibility</li> <li>Influence</li> <li>Geographic Proximity</li> </ul>	<ul style="list-style-type: none"> <li>Customer protection</li> <li>Sustainable relationships</li> </ul>	<ul style="list-style-type: none"> <li>Provision of products and services according to prevailing laws.</li> <li>Timely, adequate, clear, and accurate information on products and services.</li> <li>Provision of quality services to ensure customer satisfaction.</li> <li>Implement Daya program</li> <li>Advertisements and promotional media.</li> </ul>	<ul style="list-style-type: none"> <li>Line of Business</li> <li>Compliance</li> <li>Corporate Communication</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Dependence</li> <li>Responsibility</li> <li>Attention</li> <li>Influence</li> <li>Geographic Proximity</li> </ul>	<ul style="list-style-type: none"> <li>Industrial relations</li> <li>Protection and working condition</li> <li>Competence building</li> <li>Career development and self-actualization</li> </ul>	<ul style="list-style-type: none"> <li>Objective, transparent, fair, and equal treatment of employees</li> <li>Building favorable working conditions to optimize productivity.</li> <li>Career development through the talent management system and assessment center.</li> <li>Engaged as necessary</li> </ul>	Human Capital
Communities	<ul style="list-style-type: none"> <li>Dependence</li> <li>Responsibility</li> <li>Conflicting Opinion</li> <li>Influence</li> <li>Geographic Proximity</li> </ul>	<ul style="list-style-type: none"> <li>Education and culture</li> <li>Technology and access to infrastructure</li> <li>Wellbeing and income</li> </ul>	<ul style="list-style-type: none"> <li>Intensifying engagement in community activities in education, empowerment, culture and religion, humanitarian affairs, and environment.</li> <li>Implement Daya program</li> <li>Engaged as necessary</li> </ul>	<ul style="list-style-type: none"> <li>Human Capital</li> <li>Daya</li> </ul>
Partners/Suppliers	<ul style="list-style-type: none"> <li>Dependence</li> <li>Responsibility</li> <li>Conflicting Interests</li> <li>Influence</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable relationships</li> <li>Economy</li> <li>Fairness</li> </ul>	<ul style="list-style-type: none"> <li>Clear partnership terms</li> <li>Transparent performance assessments.</li> <li>Routine assessments.</li> <li>Engaged as necessary</li> </ul>	Procurement
Government	<ul style="list-style-type: none"> <li>Dependence</li> <li>Responsibility</li> <li>Conflicting Opinion</li> <li>Influence</li> <li>Geographic Proximity</li> </ul>	<ul style="list-style-type: none"> <li>Compliance to laws</li> <li>Commitment to banking regulations</li> <li>Clear, accurate, comprehensive, and timely communications and reports</li> </ul>	<ul style="list-style-type: none"> <li>Refining the latest GCG Manual</li> <li>Implementing GCG principles in all work units.</li> <li>Routine engagements to discuss Bank Soundness rating.</li> </ul>	<ul style="list-style-type: none"> <li>Compliance</li> <li>Corporate Secretary</li> <li>Risk Management</li> </ul>
Public Figures/Local Officials	<ul style="list-style-type: none"> <li>Dependence</li> <li>Responsibility</li> <li>Conflicting Opinion</li> <li>Influence</li> </ul>	<ul style="list-style-type: none"> <li>Business development</li> <li>Regional growth</li> </ul>	<ul style="list-style-type: none"> <li>Site visits.</li> <li>Official meetings and Development Plan Discussions (Musrenbang)</li> <li>Routine engagement as necessary</li> <li>Implement Daya program</li> </ul>	<ul style="list-style-type: none"> <li>Line of Business</li> <li>Customer Service</li> <li>Corporate Communication</li> </ul>



# Developing Quality Products and Services

---

“

Bank BTPN is fully committed to the improvement of service quality, presenting banking products and services in a fair and safe manner, in line with the needs of customers and ensure customer privacy. Bank BTPN is also fully committed to resolution of all customer complaints and performance of regular surveys in order to obtain feedback for quality improvement of the products and services provided.

”

## Commitments and Policies

[GRI 103-1, GRI 103-2, GRI 103-3]

### Commitments

Customers are one of the most important stakeholders for Bank BTPN. Their decisions on placing funds and working together in the financing framework to realize the investment plan and develop their business enable Bank BTPN to grow and develop. Close relations and cooperation based on respect with the customers is a significant factor in determine the continuity and growth scale of Bank BTPN. Due to the importance of customers' role, Bank BTPN is fully committed to undertaking responsibility towards its customers.

In addition to taking such responsibility, Bank BTPN is fully committed to improvement of customer satisfaction, and improvement of their relationship with the Bank. Bank BTPN observes five approaches in driving customer satisfaction optimization, namely:

1. Providing excellent banking products fairly and in accordance with customer needs and expectations.
2. Improving service quality to exceed customer expectations.
3. Ensuring accessibility as easy and affordable to suit needs.
4. Maintaining the security of customers and resolving all the customer complaints.

5. Conducting customer satisfaction surveys periodically.

### Policies

Bank BTPN specifies operational policy by issuing decisions of the Board of Directors in accordance with the scope of the task of the directorate in question. In the case of Credit Policy, according to the OJK Regulation No. 42/POJK.03/2017 Concerning the Obligation of the Drafting and Implementation of Credit Policies or Bank Financing for Commercial Banks, credit policies are to be signed by the Board of Directors and Board of Commissioners. The policy is accessible for the interested parties in Bank BTPN's portal, Portalkita.

The Credit Policy is bank-wide provisions that serve as reference for credit-related procedures in every Bank BTPN business unit.

1. Special policy of environmental and social aspect implementation in banking activities. [FS1]  
Bank BTPN does not yet have either a policy that specifically regulates the implementation of social and environmental aspects, or introduction or mitigation of environmental and social risks referred to in running its business activities. However, in providing corporate credit, the

Bank requires the performance of environmental risk mitigation with following provisions:

- Bank BTPN pays attention to the management of environmental risks arising from debtors' activities including waste disposal or obligation to mitigate other pollution. Regarding the use of external funds of which the channeling requires the environmental risks introduction and mitigation, Bank BTPN requires the inclusion of a clause referred to in the Credit Agreement, in accordance with the applicable conditions.
- Bank BTPN also carefully observes environmental risks when receiving collateral, or when re-examining the collateral. Bank BTPN will implement the mitigation to such risks.
- Bank BTPN would not be involved in the provision of credit for the arms trade.
- Bank BTPN refuses extension of credit to businesses, companies or projects that are deemed to be significantly harmful to the environment.
- Bank BTPN refuses providing credit to industries indicated as containing pornographic content.

The procedures for environmental risk identification and mitigation of a project/business are conducted through an analysis of business permit documents provided by the Potential Debtor/Debtor, as well as documents referred to in the Regulation of the Indonesian Minister of Environment No. 05 of 2012 and its revisions (if any) about the environmental impact assessment (EIA), obligations to undertake Environmental Management Plan (RKL) and Environmental Monitoring Plan (RPL) in the EIA documents.

2. Policy on Division's and Credit Committee's Roles. [FS2, FS3]

- The process of credit extension consists of credit approval, where the Credit Committee must ensure that the credit analysis has concluded Risk Acceptance Criteria in accordance with applicable terms, including with the credit provision terms and conditions. One of these terms is to ensure that the potential market of debtors is not a forbidden target market.

The Credit Committee must also apply the four-eyes principle in appointing the covenant for the decision of the credit extension approval, or rejection, of submitted credit proposals.

- Upon the approval process, each Credit Administrator must check the loans that have been approved and forward these to the credit operational division for the credit disbursement.
- Furthermore, the loan/ credit quality is supervised by each business unit and risk management Bank-wide. Quality Assurance, as well as the internal and external auditors, check the monitoring process; and then the regulator, in this case OJK, supervises the process.
- To counsel debtors, Bank BTPN periodically visits the debtors of certain segments; and the results of such visit must be conveyed in a "call report". This monitoring visit about the condition of debtors and debtors' businesses

is from all aspects, not specifically the environmental aspect.

- There is monitoring of adherence to environmental rules, such as under the International Finance Corporation IFC funding scheme and according to the Equator Principle that is set in addendum of Corporate Banking Department SOP.
- With regard to the implementation of sustainable finance, the Bank applies a policy on special training, namely the understanding of the social and environmental risks, including its management and mitigation, which are closely related with the credit management of the corporations exposed to such risks.
- If there are concerns that are not in accordance with covenant credit terms, these will be looked into during the process of the facility extension.

The following is a list of the social and environmental-related training - 2019

Training Program	Date	Facilitator	Participant
Sustainability Development Goal and Government Regulation (POJK 51)	July 29, 2019	IFC	External Internal
Sustainability Finance Socialization	July 30, 2019	IFC	External Internal
Implementation Sustainability Finance and Green Banking	July 31, 2019	IFC	External Internal
Sustainability Finance Development Plan and Reporting	September 12, 2019	Green Consult	External Internal
Sustainability Report - GRI Standard	November 23, 2019	Green Consult	External Internal

3. Fair and Secure Product Policy [FS15]

In making a product/service to offer to customers, the Bank consider these elements, among others:

- The suitability of the product/service with the needs and capabilities of the client and with Bank BTPN's vision and mission. The Bank shall create a mechanism to ensure that the targeted consumers have goodwill in the provision of information and documents.
- In the planning of products

and services that will be launched, we consider social and environmental issues, namely: environmental conservation efforts, such as the management of environmental risks on debtors' efforts, including waste disposal. Also obligation to deal with the pollution of the use of the source of funds by creditors of which the channeling requires the environmental risk carried out in accordance with the applicable provisions.

This must be stated by the Business Unit in the credit channeling procedure.

- In offering each product/service to customers, Bank BTPN fulfills the principle of information transparency. One of the required practices for credit channeling is the submission of overview regarding the product to customers at the time of offer and/or the time of undertaking the contract, i.e. the signing of credit agreement. Terms on service/product overview



refer to those based on OJK's regulation.

- Bank BTPN requires that every product offered to customers is a product that the Management has approved and the Risk Management function has reviewed (related to 8 risk types, i.e. credit risk, reputation risk, market risk, liquidity risk, operational risk, strategic risk, compliance risk, and legal risk), passed the compliance test, operational review, finance review, IT review as well as other related supporting work units. A product can only be launched and offered to customers after being approved and reviewed, supported with adequate procedure standards, sufficient infrastructure, also certified human resources as applicable, and Business Continuity Plan (BCP) readiness.

For products that must be approved by regulator, the Bank assures that these would only be launched upon such approval.

For products that have been launched, the related business unit is responsible to conduct regular review concerning the achievement of products and concerning the product documents, procedures, systems used and the human resources involved in the product management. The Headquarters also conducts monitoring as part of bank-wide risk management.

4. Service Quality Control Policy  
Bank BTPN sets a Service Level Agreement (SLA) that all staff must meet in providing services to customers. The details of the SLA are applicable to the function and

position depending on their duty and responsibility; while all targets in the SLA must be met by the Board of Executive. The fulfillment of SLA is one of the points of the assessment into the performance of all staff.

Bank BTPN implements all policy on product/service launching to demonstrate its commitment to the meeting of all the applicable rules and legislations. In the reporting year the Bank never recorded any incident of violation of regulations or legislation of regulators, either related to product development or to social and environmental aspects.  
[GRI 419-1]

## Quality Products and Services

To ensure that the products/services provided are in accordance with the needs and expectations of our customers, with the Bank's expectations, and with the latest development of industry and information technology, Bank BTPN performs review to the products/services regularly. The review looks into various relevant aspects that involve all related departments/Directorates.

As part of the implementation of the policy on the products and in order to protect the interests of our customers, Bank BTPN always applies product launch guide in marketing banking products and services, which include: [GRI 417-1]

1. Delivery to consumers the latest and accessible information related to features, terms and conditions.
2. A summary of the product information.
3. The use of Bahasa Indonesia and letter font size in accordance with provisions.
4. Notification to customers about a change in terms the terms or features a product.
5. Equal access for consumers.
6. Services to customers with special needs.
7. Product offerings through customer personal communication tools.

In the year 2019, the Bank conducted a review into of the products that had been launched as the conditions apply some time ago; then the Bank readjusted the usage terms in line with the progressing scale of the Bank's business and the advanced information technology.

As a manifestation of the commitment and policy to continually seeking to deliver the highest quality service, the Bank implements SLA compliance assessment to all staff, especially the front-liners, who include Relationship Managers, as the one taking overall responsibility in corporate customers' accounts.

## Outreaching and Developing All Communities' Potential

The Bank implements product and service launching programs as well as the development of access in accordance with customers' needs.

These are based on the consideration of the business segment expansion, the growth of the business scale, the needs of every segment and the development of the latest information technology.

### 1. Access Development

Bank BTPN provides access to banking services by considering the needs and characteristics of every targeted customer segment. Bank BTPN builds and

provides a wide range of access points, starting from the head office, branch offices, sub-branch offices, payment points, ATM and TCR network, functional office and branchless network.

Bank generally provides physical access namely head office, branch offices sub-branch offices as well as payment points to meet the needs of all customers: SMEs, corporations and individuals. Along with the development of customer mobility, the numbers of the offices are adjusted.

Bank BTPN provides and develops its ATM and TCR network to meet the needs of millennial customers, who are highly mobile; and Functional Office to support branchless financing activity, which supported by the 'Laku Pandai' agents.

Bank BTPN has developed the millennial service in the form of the mobile banking application "Jenius", aimed to support segments which require banking services anytime.

Considering the effectiveness of the latest technology, Bank BTPN now operates by providing access through: 1 Head Office, 520 branch offices including Payment



BTPN employees during 'Sahabat Daya' program of financial literacy.

Service Pints & Operational Functional Offices, and 217 ATMs and TCRs. The Bank believes that such access supports the growth of business scale and is in accordance with the needs of customers.

## 2. Development of Special Products and Services [FS14]

Bank BTPN develops special products and services to support developing the micro segment and especially the ultra-micro segment, which is targeted by BTPN Wow!.

BTPN Wow! provides relevant banking products to micro-customers. This service is

dedicated to supporting branchless banking activities, Laku Pandai, where Bank BTPN has been working together with micro business owners, who act as the Bank's extension in delivering banking services. The list of products and/ or banking services provided by Bank BTPN to the community of unbanked people are: basic saving account, regular saving account and pico loan.

With these services, Bank BTPN provides access for underprivileged communities in underdeveloped areas or remote regions in Indonesia that had not been reached by banking service due to its provision being economically unviable.

## 3. Financial Literacy [FS16]

To demonstrate its commitment to support development of MSME's segment, where business can be run by disadvantages community, Bank BTPN held various financial literacy programs. Financial Literacy delivered by agents of Laku Pandai and/or Bank BTPN partners and/or employees who are competent in their fields. Financial Literacy program was occasionally held in one particular forum by inviting customers and competent resource persons.

## Customer Complaint Handling [GRI 103-3]

Bank BTPN is committed to providing protection to customers, especially related to their privacy, while optimizing customer satisfaction. Bank BTPN opened a complaint channel and is committed to providing solutions as soon as possible in order to execute corporate responsibility.

To accelerate the settlement of customer complaints, Bank BTPN has integrated customer complaint handling applications that are focused on the end to end customer complaint handling. The objective is to ensure the acceleration of complaint settlement, which also means the fulfillment of compliance with Regulator's rules.

The integration of Customer Complaint Management applications resulted in, first, Bank BTPN's success in performing deeper analysis

in customer complaints submitted to the Bank on national scale. Second, in providing periodic reports on the analysis of customer complaints by area in Indonesia to the Board of Directors. Analysis of the customer complaint handling reports helps the Banks in determining the cause of the emergence of problems. Consecutively, the results of the analysis allow the Bank to assign follow-up preventive measures and then develop mechanisms for systematic customer complaint handling.

## Number of Customer Complaints

[GRI 417-2, GRI 417-3, 418-1]

During 2019, the Bank received 71,772 complaints from customers, an increase from the 43,036 complaints in the previous year. From all these complaints, none is categorized as a complaint that occurred due to

an incident of incongruity with the information and product labeling, incidence of incongruity with the information from the marketing communications, or incident due to leakage of the customer confidential data or loss of customer data. Nearly all incoming complaints have been followed up and stated as resolved in the same year.

## Customer Satisfaction Survey

In order to obtain feedback from customers to be used as consideration in drafting programs to improve the quality of service and in reviewing banking products provided, Bank BTPN runs a Customer Satisfaction Survey. The survey is conducted by independent competent consultants and within the time frame between January and May 2019. The results show the score of 4.25 from scale of 5.

## REPORTING OF COMPLAINT HANDLING

PERIOD : January - December 2019

Financial Service Entity: PT BANK BTPN Tbk

No	Nature of Financial Transactions	Completed		In Process		Incomplete		Number of Complaints
		Number	Percentage	Number	Percentage	Number	Percentage	
1	ATM	21,211	97%	705	3%	-	-	21,916
2	Bancassurance	13	100%	-	0%	-	-	13
3	BTPN Wow!	2,906	99%	21	1%	-	-	2,927
4	BTPN Wow! Loan	3	100%	-	0%	-	-	3
5	Third-Party Fund	145	96%	6	4%	-	-	151
6	E-Statement	6	100%	-	0%	-	-	6
7	Flexi Cash	1,063	96%	41	4%	-	-	1,104
8	Internet Banking	69	99%	1	1%	-	-	70
9	ISME	2	100%	-	0%	-	-	2
10	Jenius	39,695	98%	689	2%	-	-	40,384
11	Join Finance	4,606	98%	103	2%	-	-	4,709
12	Pension Credit	188	97%	5	3%	-	-	193
13	SME Credit	48	89%	6	11%	-	-	54
14	Mobile Banking	162	98%	3	2%	-	-	165
15	Working Capital	1	100%	-	0%	-	-	1
16	Mutual Funds	1	50%	1	50%	-	-	2
17	Remittance	11	100%	-	0%	-	-	11
18	RTGS/SKN	39	95%	2	5%	-	-	41
19	Standing Instruction	2	100%	-	0%	-	-	2
20	Wow! Link	17	100%	-	0%	-	-	17
21	Others	1	100%	-	0%	-	-	1
Total		70,189	98%	1,583	2%	-	-	71,772







# Stimulating National Development

---



Bank BTPN is committed to stimulating national development by optimizing its competencies in playing a mediating role in financing integrated business development.

Concerning customers of MSMEs segment and pensioners, Bank BTPN improves its service quality by continuously refine its banking service through, among others, BPTN Wow! and Jenius in addition to digitalization process and intensively conducting training for literacy.

Now and in the future Bank BTPN will also refine and boost its potential in supporting the expansion of corporation segment sectors as well as encouraging green banking, so as to ensure a strong national economic ecosystem and acceleration of national development.



## National Economic Review

Increased global economic uncertainty due to the US - China trade war caused the Indonesian economy to grow moderately at 5.02% in 2019 from 5.17% a year earlier. The increase was mainly backed by domestic consumption, investment, and government infrastructure spending.

A positive result is the growth was maintained by the nation's macroeconomic stability with inflation falling to an average of 2.72%, an improvement on the rate in 2018 which stood at 3.13%. Bank Indonesia's 7-day repo rate was lowered from 6% to 5%. The Rupiah exchange rate gained ground against

the US dollar to IDR 13,901 from IDR 14,481 in late 2018. Indonesia's foreign exchange reserves had reached US\$129.2 billion by the end of 2019.

The data shows that Indonesia has managed to moderate its macroeconomy following global economic volatility.

2016 was a turning point, signaling the recovery of the Indonesian economy with an expansion of 5.02% compared to 4.88% in 2015. The outlook was positive as the government managed to control inflation to be under 4%. Putting the data into perspective, it shows that the poverty index declines over time.

## National Banking Review

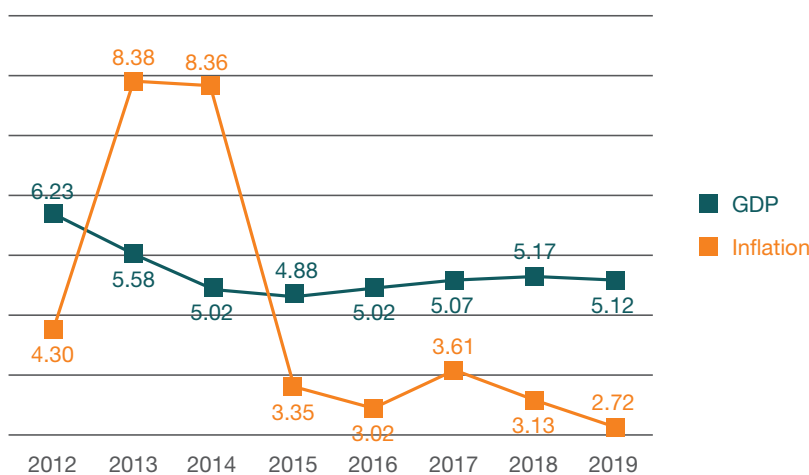
Data from the Financial Services Authority (OJK) showed that Indonesia's financial services in 2019 were stable and positive following Bank Indonesia's policy of prudential banking which was carried out by all banks under the strict monitoring of OJK.

As for the banking sector, OJK recorded that average Capital Adequacy Ratio (CAR) by October 2019 had reached 23.54%, far exceeding the minimum rate of 8%. Nonperforming loans rose from 2.65% in October 2018 to 2.73% in October 2019. Total banking credit channeling by late October 2019 year-on-year reached IDR 5,506.16 trillion, which was an increase (compared to IDR 5,168.78 trillion October 2018).

National deposit rates rose from 6.54% (October 2018) to 7.02% in (October 2019), contrary to interest rates for investment credit which eased at 10.04% (October 2019) from 10.38% in October 2018. The rates for consumer credit and banking working capital also showed a downward trend.

The decrease in lending rates, following the increase in saving rates, is a response to the signals from Bank Indonesia and OJK that Indonesia still sees a high spread in interest rates. This is a result of the downturn in the global economy which hampers banks from channeling loans to affected businesses.

## INDONESIA MACROECONOMIC INDICATOR



Source: BPS

## BANK BTPN Performance In 2019

[GRI 103-1, GRI 103-2, GRI 103]

In line with the constantly growing national banking industry, Bank BTPN, in 2019, recorded a strong performance. In general, Bank BTPN beat a number of performance targets set in its 2019 business plan.

In 2019 per December, total assets owned by Bank BTPN increased in value by 79.2% to IDR 181.63 trillion from IDR 101.34 trillion in 2018. Following the increase in equity by 69.7%, customer deposits by 22.7% and borrowings by 422.2%, Bank BTPN recorded significant loan growth. Bank BTPN total loan in 2019 increased by 108.1% to IDR 141.76 trillion from IDR 68.14 trillion in 2018.

The Bank met its financing target due to improved competency in selecting and defining the target market, clearing a way for the developing corporate sector as a new segment, and displaying economic improvements in the areas of the Bank's marketing operations affected by infrastructure development which enables interconnectivity between regions.

Net income from fund management and sharia profit sharing during the reporting year was valued at IDR 1.4 trillion, an increase of 45.0% compared to 2018 which reached IDR 965 billion. This showed a downward trend in the spread of interest rates and sharia profit sharing in 2019. The lowering of interest spread was a consequence of the intensified rivalry for fund distribution among banks in 2019.

So as to overcome the spread of interest rates, Bank BTPN stepped up various initiatives for efficiency and managed to curb a hike in operating expenses by 21.3% to IDR 7.13 trillion from IDR 5.88 trillion in the previous year.

Overall, Bank BTPN current year earnings rose significantly by 40.6% to IDR 2.99 trillion from IDR 2.13 trillion in 2018. Meanwhile, comprehensive income in 2019 reached IDR 2.98 trillion, an increase of 25.8% from IDR 2.37 trillion in 2018. A more detailed explanation of Bank BTPN financial performance is available in the Management Discussion and Analysis chapter of Bank BTPN Annual Report.

Summary of changes in Bank BTPN balance sheet, as well as profit and loss statement indicating the Bank's performance in 2019, is as follows.

### Summary of Bank BTPN Economic Performance

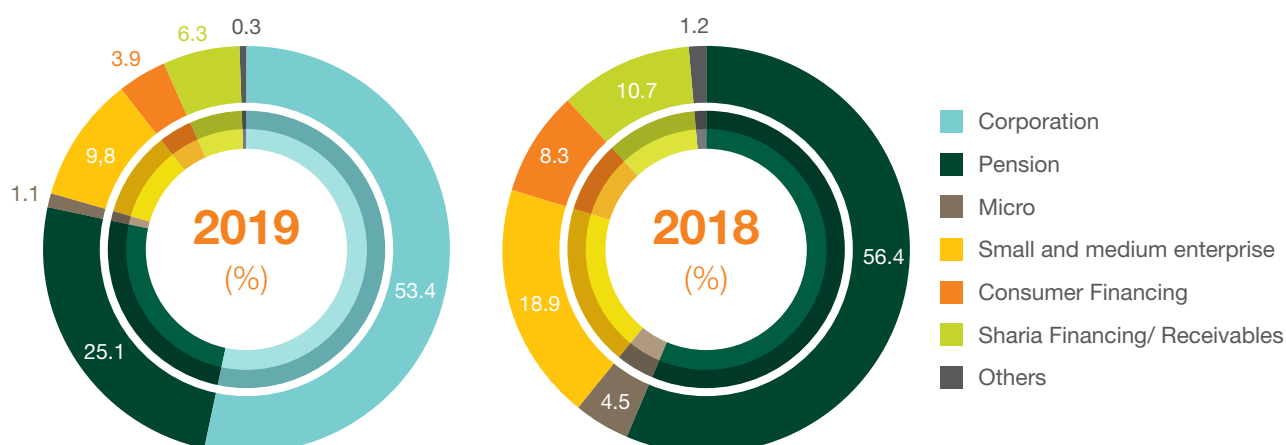
Description	2019	2018	Variance	
			Amount	Percentage
<b>Balance Summary (IDR million)</b>				
Total Assets	181,631,385	101,341,224	80,290,161	79.2%
Earning Assets	173,854,020	94,345,608	79,508,412	84.3%
Loans	141,760,183	68,136,780	73,623,403	108.1%
Deposit from Customers	86,939,479	70,844,712	16,094,767	22.7%
Borrowings	44,086,343	8,442,765	35,643,578	422.2%
Securities issued	3,190,628	1,197,442	1,993,186	166.5%
Total Liabilities	150,159,457	82,554,894	67,604,563	81.9%
Total Equity	29,868,043	17,604,660	12,263,383	69.7%
<b>Income Statement Summary (IDR Million)</b>				
Net Interest Income	11,047,764	9,600,408	1,447,356	15.1%
Other Operating Income	1,560,509	600,139	960,370	160.0%
Operating Expenses	(7,129,872)	(5,877,519)	(1,252,353)	21.3%
Cost of Allowance for Impairment Losses	(1,445,882)	(1,375,272)	(70,610)	5.1%
Operating Income - Net	4,032,519	2,947,756	1,084,763	36.8%
Net Profit for the Year	2,992,418	2,128,064	864,354	40.6%
Total Comprehensive Income	2,977,822	2,366,344	611,478	25.8%

## Expenses According to Business Segment (FS6)

### Bank BTPN (Consolidated) Expenses according to Business Segment (in IDR Million)

Description	2019	2018	Variance	
			Amount	Percentage
Corporate	75,713,859	-	75,713,859	0.0%
Pension/Retail Lending	35,611,265	38,459,840	(2,848,575)	(7.4%)
Micro	1,611,148	3,043,802	(1,432,654)	(47.1%)
Small and Medium-Sized Enterprises	13,883,980	12,898,289	985,691	7.6%
Consumer Asset	5,561,484	5,634,680	(73,197)	(1.3%)
Sharia Financing/Receivables	8,999,574	7,277,163	1,722,411	23.7%
Others	378,873	823,006	(444,133)	(54.0%)
<b>Total</b>	<b>141,760,183</b>	<b>68,136,780</b>	<b>73,623,402</b>	<b>(108.1%)</b>

### Bank BTPN Financing Portfolio according to Business Segment



### Bank BTPN (Conventional/Bank Only) Loan Portfolio according to Business Segment (In IDR million)

Description	2019	2018	Variance	
			Amount	%
Household	39,045,239	41,688,438	(2,643,199)	(6.3%)
Trade	14,756,122	8,949,400	5,806,722	64.9%
Industry	30,156,970	3,927,984	26,228,986	667.7%
Other Services	24,720,232	4,107,220	20,613,012	501.9%
Agriculture	3,041,389	277,932	2,763,457	994.3%
Accommodation Service	267,585	383,978	(116,393)	(30.3%)
Construction	6,388,053	786,772	5,601,281	711.9%
Transportation & Communication	7,912,554	569,664	7,342,890	1289.0%
Mining	2,065,567	140,341	1,925,226	1371.8%
Others	4,406,898	27,888	4,379,010	15702.3%
<b>Total</b>	<b>132,760,609</b>	<b>60,859,618</b>	<b>71,900,991</b>	<b>118.1%</b>

## Corporate Banking

As a new segment, Corporate Loan has been one of the benefits of corporate action launched late 2018. The merger between SMBCI and Bank BTPN has resulted in the Bank having the capacity to provide independent or syndicated financing in investment and working capital to leading companies.

SMBC has implemented the Equator Principle, and Bank BTPN has been provided with funds by the IFC to finance green projects. Therefore, through the Wholesale unit, the Bank is in a position to distribute green financing.

In 2019, Bank BTPN has registered a total portfolio of corporate loan amounting to IDR 75.7 trillion or 53.4% of the Bank's total loan, IDR

1.5 trillion of which is distributed to support infrastructure projects and green development as set in the Equator Principle. Bank BTPN did not apply any special lending scheme, but complied with various clauses set in the Equator Principle, one of which is the Bank's right to inspect debtor compliance toward lending clauses related to environmental regulations. (FS8)

## Enhancing the Social and Environmental-Aware Financial Portfolio (FS2, FS3, FS8)

Bank BTPN is qualified to distribute loans for green infrastructure development and green general development. The Bank receives funds from the IFC to support green financing and applies the Equator Principle in managing its green portfolio.

Bank BTPN has implemented clauses of debtor's compliance with legislation related to social and environmental aspects. In this regard, Bank BTPN has then set a clause of procedure for maintaining compliance with social and environmental regulations under loan agreement.

Through the implementation of the Equator Principle, financial backup from the IFC, and the Bank's commitment to carry out its Sustainable Finance Action Plan, Bank BTPN strives to get various procedures in place, so that the green financing portfolio is in line with achieving the sustainable goals, including:

- Developing and implementing procedures to access and to elicit social and environmental risks from the businesses that the Bank will support. The risk management department will enact the clause in the applied risk management.
- Attachment of clauses on compliance inspection toward corporate debtors as regards environmental regulations in loan agreements which enable a Relationship Manager as the Bank representative to oversee a project site during regular visits. The Bank determines that the clauses refer to internal provisions on social and environmental risks, and the Equator Principle.
- Improve the partnership among signatories of the Equator Principle through global syndicated financing to promote the green financing portfolio which corresponds to sustainable goals.

Given the initiatives that are either in progress or drawing near, Bank BTPN moving forward, believes that it is able to round off the portfolio of green sustainable financing products in its productive assets.

### **BTPN Retail Lending Business**

BTPN Retail Lending Business is a business unit in Retail Banking that provides individual banking services, of which the existing customers are pensioners and civil servants. In the future, Retail Lending Business' scope will also reach individual customers from private sectors.

The total pension loan portfolio in 2019 reached IDR 35.61 trillion, a decrease of 7.4% from IDR 38.46 trillion in 2018, with 25.1% portion of pension loan. The portion of pension loans in 2018 was 56.4%.

### **BTPN Mitra Usaha Rakyat**

BTPN Mitra Usaha or Micro Credit is Bank BTPN business unit providing more than just loans for micro enterprises. Through innovative training and development programs, the Bank helps optimize customers' competencies so that they can constantly grow. BTPN Mitra Usaha Rakyat (MUR) unit prioritizes secured loans while still weighing up social impact from providing this facility.

Loan portfolio of BTPN Mitra Usaha Rakyat in 2019 was valued at IDR 1.61 trillion, a decrease of 47.1% from IDR 3.04 trillion in 2018. It reflected a contribution of 1.1% compared to 4.5% in the previous year.

### **BTPN Mitra Bisnis**

This business unit focuses on varied and growing small and medium-sized enterprises (SMEs), including micro businesses that have grown into small-scale SMEs. In supplying loans for SMEs, Bank BTPN also implements a program for improving customers' competencies as part of the digital literacy upgrade. It is expected that the program will have a positive effect on the social life of customers and the immediate community.

The portfolio of the SMEs business segment in 2019 was valued at IDR 13.88 trillion an increase of 7.6% from IDR 12.90 trillion in 2018. While the proportion is 9.8% compared to 18.9% in the previous year.

### **BTPN Wow! (FS15)**

BTPN Wow! is a branchless banking solution for the unbanked, offering savings facilities, money transfers, bill payments, and other facilities easily accessed from designated mobile phones. Customers can visit their nearby BTPN Wow! agents to conduct either cash or cashless transactions.

BTPN Wow! is deemed to be a pioneer in implementing Branchless Banking Services for Financial Inclusion introduced by OJK. In September 2016, Bank BTPN and BTPN Wow! was included in the top 50 of Fortune's "Change the World" list for helping provide the answer to social problems in a developing country.

The BTPN Wow! Platform will serve as transaction facility to provide sharia banking services at the subsidiary BTPN Syariah.

Bank BTPN Syariah has been excellent at business development, with portfolio as the end 2019 amounting to IDR 9.00 trillion of 6.3% of total loan portfolio, an increase of 23.7% from IDR 7.28 trillion or 10.7% of loan portfolio in 2018.



## **BTPN Wow! Smart Banking Solution for the Entire Territory of Indonesia (FS7, FS15)**

Since its launch in March 2015, BTPN Wow! is now the first choice in digital banking for unbankable Indonesians.

Through this product, Bank BTPN offers access to digital banking for more than six million customers, and at least 260,587 agents (in 2018, they were 223,010) in more than 230 cities and 25 provinces. Business units in Java, Sumatera, Bangka-Belitung, Nusa Tenggara, Kalimantan, Sulawesi, and Maluku, have collaborated until end of 2019 in assisting BTPN Wow! Customers to perform financial transactions.

With micro-lending product approach BTPN Wow! meet the needs of independent low-income families, to support them to work hard, grow and develop to improve family's prosperity as well as that of the surrounding communities.

Given the benefits, BTPN Wow! has been constantly developed for further processing of various banking transactions. Moreover, BTPN Wow! distribution of microlending products has contributed to new opportunities for the disadvantaged to gain access to financial services, as well as promoting sustainable practices in the people's economy.

To date, BTPN Wow! has covered all aspects of sustainable finance goals, namely: providing financial access to remote areas and those who are in social exclusion, helping answer social problems with regard to lack of opportunities to enter the labour market or run businesses, and promoting financial inclusion to people of all walks of life in Indonesia.

### **Jenius**

Jenius is Bank BTPN digital banking platform for digitally literate customers. The mobile application revolutionizes banking practices so that users are able to manage all financial aspects of their day-to-day lives anywhere and anytime.

Jenius offers diverse financial features not available in conventional banking. It makes users' life easier with current technological security that is customized to users' needs and preference. Jenius users can also use debit cards that are accepted worldwide and manage transactions through the application.

Jenius also provided education programs to customers on financial management topics, totalling 105 activities.

A number of banking transactions provided and services developed continuously brought the Bank's Consumer Asset loan portfolio in 2019 IDR 5.56 trillion, a decrease of 1.3% from IDR 5.63 trillion in the previous year. Consumer Asset loan portfolio proportion in 2019 is 3.9%, while in 2018 it was 8.3%.

### **Retail Funding Business**

BTPN Sinaya is Bank BTPN's funding business unit that provides sense of security, private excellent services and optimum yield from featured products. Four main products of BTPN Sinaya are savings without administration fee, deposit with fund withdrawal mutual funds and bancassurance in cooperation with prominent insurance companies.

## Financing for Social Benefit [FS7]

Bank BTPN's commitment to the increasing the economy of general public, micro and small-scaled entrepreneurs is demonstrated in the provision of microlending, finance Literacy, entrepreneurship training and market access. These are aimed to enable customers to grow and developed, as described briefly above.

In channelling loans and monitoring credit quality through related units, the Bank provides training on the basics of financial management and financial literacy, cash management, and working capital management. Distribution of credit to the aforementioned sectors helps the Bank improve the wellbeing of the marginalized while narrowing the income inequality gap.

## Distribution of Economic Value

[GRI 201-1, GRI 103-3]

With the growing scale of Bank BTPN businesses, the Bank progressed in the distribution of its economic value. Total distributed economic value reached IDR 15.22 trillion, an increase of 43.2% from IDR 10.62 trillion in 2018.

Bank BTPN and Bank BTPN Syariah distributed operating income to owners of rented properties, vehicle leasing services, funds for its IT system, and other operating expenses totaling IDR 3.26 trillion in 2019, an increase of 19.5% from IDR 2.73 trillion in 2018.

Bank BTPN and Bank BTPN Syariah also distributed costs of interest and funds for syirkah (profit sharing), concerning other stakeholders who place funds in bonds, deposits, or other sharia instruments, valued at IDR 8.04 trillion in 2019, an increase of 77.6% from IDR 4.53 trillion in 2018.

The increase in income and profit contributed to the increase in tax payment. In 2019, Bank BTPN paid IDR 580.44 billion in tax, an increase of 6.3% from IDR 545.84 billion in 2018.

The Bank has yet to pay dividends for the past two years. Therefore in 2019 Bank BTPN, it still carries an economic value of IDR 4.87 trillion to support business development going forward. In 2018, the Bank carried an economic value of IDR 3.73 trillion, as seen in the following table.

### Economic Value Distribution Table (in million rupiah) [GRI 201-1]

Description	2019	2018	Variance	
			Amount	%
<b>Accrued Direct Economic Value</b>				
Interest & Sharia Income	19,084,410	14,126,651	4,957,759	35.1
Other Operating Income - Net	1,004,146	231,130	773,016	334.5
Total accrued direct economic value	20,088,556	14,357,781	5,730,775	39.9
<b>Distributed Direct Economic Value</b>				
Operational Expenses	3,262,539	2,730,838	531,701	19.5
Salaries and Allowances for Employees	3,329,635	2,811,122	518,513	18.4
Interest Expenses and Syirkah Funds Profit Sharing	8,036,646	4,526,243	3,510,403	77.6
Payment of Dividends	-	-	-	-
Payments to Government (Income Tax and Value-Added Tax)	580,435	545,843	34,592	6.3
Distribution of CSR Funds for the people **	9,119	10,580	(1,461)	(13.8)
Total distributed direct economic value	15,218,374	10,624,626	4,593,748	43.2
Total Retained Economic Value	4,870,182	3,733,155	1,137,027	30.5

## Supporting National Economic Development With Business Partners

The guaranteed quality of service for customers depends much on the quality of goods and services that business partners provide. For that reason, Bank BTPN performs regular evaluation of all vendors supplying goods, IT products, or services (e.g., operating system).

The evaluation is aimed at certain aspects concerning financial capability, labor affairs, or quality of goods and services provided during a certain period. Bank BTPN has a list of vendors and suppliers of goods and services together with detailed track records.

For 2019, there are 264 company supplier work partners goods and services registered in its e-procurement system. All of them are local entities. The procurement value of goods and services of all vendors

in 2019, includes the cost of building rentals, electric expenses, and fuel prices, reached amounting IDR 3.26 billion, an increase of 19.5% from IDR 2.73 billion in 2018.

Bank BTPN applies the policy of vendor selection to all vendors supplying goods and services based on the e-procurement mechanism that is repeatedly reviewed. The design for the e-procurement mechanism is set using similar financial institutions at a national level as the benchmark so as to ensure transparency, efficiency, and efficacy in the procurement process.

### Contribution to The State

Bank BTPN's businesses provide both financial, directly or indirectly, and non-financial contributions to the state.

Direct contribution includes payment of income tax or other contributions

which amounted to IDR 580.44 billion (2018: IDR 545.84 billion). Indirect financial contribution included the Bank's intermediary function, enabling customers of various segments, such as corporate, business partners, retirees, small and medium enterprises, and the unbanked ultramicro businesses, to gain access to financial services. The leverage in economic scale of the businesses will eventually contribute to the increase in tax payments.

While non-financial contributions included the availability of basic infrastructure as part of the Bank BTPN's corporate social responsibility initiatives.

So far Bank BTPN never secures financial support from the government in realizing its day-to-day operations such as tax exemption, subsidies, grants for product research and development, and so forth.



# Empowering People with Daya

---

“

It is Bank BTPN's commitment to achieve sustainable development and incorporate the Sustainable Development Goals which have been the foundations of the Daya Program in promoting the growth and development of surrounding communities of Bank BTPN's spectrums of businesses.

”

---



## Commitment and Policy

[GRI 103-1, GRI 103-2, GRI 103-3]

Daya Program serves as Bank BTPN's responsibility in making continuous upgrade of its customers' capacities by providing room for them to grow and to live a more meaningful life. Daya is Bank BTPN's unique value proposition in implementing its vision and mission statements so as to improve the quality of life of both its customers and the general public.

Daya is a form of development program aiming at both the people and Bank BTPN's customers from all social circumstances. The Bank understands that customers from all walks of life not only require access to financing but also chance to improve their personal capacities in those areas which may lead them to a better life. For that reason, Bank BTPN formulates a comprehensive empowerment program which accommodates competence development, personal financial health, capacity to grow for business and sustainable living .

## Program Design

Bank BTPN designs the empowering program with prior intensive communications with the customers in order to learn and comprehend the optimum potentials that may be stemmed from them. [GRI 413-1]

The modules and curriculum for customers are up to date and neatly revised with the help of related universities, corporations, and institutions whose shared vision is materializing robust mass market in Indonesia.

Daya Program reflects the Bank's view about designing integration between its CSR initiatives and its daily banking operations. Therefore, in addition to being the medium to realize Bank BTPN's commitments in shaping the life of mass market customers, Daya Program also displays Bank BTPN's unique value proposition, holding importance for the Bank's business performance. Moreover, Daya Program may also help achieve sustainable development goals in social issues.

## Daya

Daya is supported by four pillars of program, i.e. Competence Development, Personal Financial Health, Capacity to Grow for Business and Sustainable Living. With those four approaches, Bank BTPN always strives to embrace all communities.

### 1. Competence Development

With the ever-changing and advancing world comes complex and multifaceted social and environmental challenges. In order for any individuals to tackle such existing problems, they need to be more adaptive. To that end, it is of utmost importance to improve the capacities of any individuals in dealing with problems in a timeless manner.

Bank BTPN takes notice on the issue. On account of that, Bank BTPN offers chances to its customers to cultivate their competencies that conform to their preferred expertise as an anticipation of many-

sided challenges through the Daya Program of competence development approach.

### 2. Personal Financial Health

The Third National Survey of Financial Literacy, conducted in 2019 by the Financial Services Authority (OJK), showed that the financial literacy index stood at 38.03% while the financial inclusion index was estimated at 76.19%. Compared to the 2016 survey by the same institution, it is considered an increase by 29.7% and 67.8% respectively (source: OJK 2019 press release: Upturn in Financial Literacy and Financial Inclusion Indices). The progress was made possible by multi-party collaboration in which the financial services industry is instrumental.

Bank BTPN as part of the financial services industry is highly supportive of the efforts in improving financial literacy by providing proper counseling for its customers in terms of personal financial health that will be advantageous now and later. Such counseling is presented through modules designed by experts and tailored to customers' preferences. It is applied in a number of programs including direct instruction and on-line meet ups so as to cover a wider area and reach more beneficiaries.

### 3. Capacity To Grow For Business

Thriving businesses also bring forth various challenges to be



dealt with more effectively, efficiently, and sustainably. In the past, business was done in a direct fashion, while today those in the field are not required to make acquaintances. The fourth industrial revolution - also referred to as Industry 4.0 - demands businesses launch fast readjustments to any possible changes.

Bank BTPN acknowledges that many of its customers are not yet aware of the issue. On the other hand, Bank BTPN is also aware of the fact that it also has informed customers who have yet to know how to cope with the situation. For this reason, Daya Program invites its customers to improve their business capacity through varied special programs of directive curriculum.

Given the current business challenges, Bank BTPN has a list of programs that allow participants to sign up for online via various channels of communication and Daya.id or attending any offline event such as seminars. Bank BTPN embraces both its customers and non-customers alike to improve their capacity to grow for business.

#### 4. Sustainable Living

Health and the environment are words of strong interdependence. In addition to taking care of body fitness, caring for the environment will actually help support any

effort to improve sustainable living. In fact, taking care of body fitness and the environment is considered as support on sustainable conservation of the earth.

In addition to improving self-capacities, financial literacy, and business scope, Bank BTPN sets up several programs for its customers aiming at better quality of life, green businesses, and sustainable living along with another program concerning sustainable living. Similar to the three pillars, various programs in the pillar of Sustainable Living is also presented to the customers and general public offline or online.

The activities of Bank BTPN as a banking entity do not create any negative impact whatsoever on communities around the operational offices of bank (headquarters, or branches), considering that there is no material processing carried out, neither significant changes in the environment that could cause negative impact on the surrounding communities.

As part of Bank BTPN integrated business model, Daya Program is implemented in every line of business of Bank BTPN to provide optimum positive impact to the public. (GRI 413-2)

The above model shows Bank BTPN's seriousness toward empowering MSME in Indonesia and the mass market in general through the Daya Program.

The forms of Daya implementation activities are:

##### a. Health Service

Health Service is a program that is provided to the customer segment of pension, in the form of health consultation with doctor performed when the customer is waiting for the queue to take the pension funds.

This program aims to increase awareness of the customer in maintaining health, where the doctor uses promotive and preventive measures in helping customers to live a healthy life and detect early the symptoms of disease. The implementation of the health service program provided in 191 Bank BTPN branch offices across the country is made possible through the cooperation with the Indonesian General Practitioners Association (PDUI). In 2019 Health Service program has served 95,328 program participants.

##### b. Health Cadre

The Health Cadre program was initiated when many of Bank BTPN pension customers no longer performed routine activities, yet they still have the potential to perform various productive activities. Then, those who have the potential were trained specially to have more ability and skills in health through sharing promotive and preventive measures with other pension customers.



## Daya.id

166,031

website visitors

148,899

unique visitors

12,199

registered visitors

The training material provided contains the skills and knowledge about nutrition intake for the elderly, basic health check-up such as blood pressure and Body mass index (BMI), as well as the method of coaching, i.e. performing consultation with fellow pensions, so that the latter also know the diet of the elderly.

Health Cadre Program was conducted in 9 area in Central Java and Yogyakarta, and has been successfully graduated 44 health cadre, all were Bank BTPN customers. In 2019 Health Service program has served 13,461 program participants. Health Personnel program has also achieved the Gold Award for the category of Best Community Programs in the 11<sup>th</sup> Annual Global CSR Summit and Award 2019 event which was held in April in Malaysia.

### c. Daya Program for Corporate Customer Segment

As Bank BTPN expands to as far as corporate segment, Bank BTPN through Daya develops an empowerment program by teaming up with corporate

customers. The program is aimed at supporting the capacity building of employees, families, and communities around the related corporate customers for more improvements in life.

The activities in the empowerment programs are, among others, financial literacy training to broaden the participants' knowledge in managing their finances, business capacity-building training to provide insights into how to well manage business, and self capacity-building training, namely English language training to help participants in performing their duties. Throughout the year 2019, Daya program for this segment has reached 285 program participants from several companies.

### d. Corporate Social Responsibility (CSR) Program Collaboration with SMBC and Djarum Foundation

The Bank has set up a CSR partnership to perpetuate the previous SMBC CSR with SMCI and Djarum Foundation which focuses on the building of human

resources capacity through the development and enhancement of school quality and students' skills in that the value of young talents is stepped up and people's welfare is made better in Indonesia.

Up to 2019, there are 5 (five) schools which have benefited the development program and of which the quality has been improved, namely 1 (one) University and 4 (four) Secondary Vocational Schools.

CSR collaboration that was held in University, i.e. in STIKES (Health Science Secondary School) Cendekia Utama, took the form of building nursing laboratory and language laboratory.

The other CSR collaboration is the support for animation vocational school, SMK Raden Umar Said Kudus, by building a studio along with the video equipment and furniture kits for departments of Animation, Software Engineering and Visual Communications.

Another vocational school is SMK Wisudha Karya Kudus, receiving aid of the purchase of the latest version ship simulator (Bridge Simulator Class A) for training of students majoring in Nautical Studies and purchase some engineering machines for training of students majoring in Machine Engineering.

The next CSR joint effort includes upgrades in welding, automation engineering, and mechanical engineering classes in SMK NU Ma'arif Kudus (vocational school).

In late 2019, the Bank also partnered with SMBC and Djarum Foundation in CSR activities by supporting the development of a cooking studio at SMKN 2 Karawang (vocational school) as a teaching factory. The program helped facilitate students of culinary department and hospitality department procure cooking equipment.

**e. Daya.id [GRI 203-1]**

After passing through a series of research on customer habits, Bank BTPN developed digital empowerment platform that is accessible at [www.daya.id](http://www.daya.id).

Through its Daya.id website, Bank BTPN has been able to provide access to the training programs that are free of charge.

Daya.id is the website aimed to develop entrepreneurship capacity management as well as healthy lifestyle through a wide variety of content that is in accordance with the needs of, and trusted by the Indonesian society.

Currently Daya.id has collaborated with 13 experienced and trusted expert partners in the field of entrepreneurship and health, who are individual practitioners and represent reputable organizations such as Indonesian General Practitioners Association (PDUI), Indonesia Sports Medicine Centre (ISMC), Indonesian Nutritionists Association (PERSAGI), Yayasan Tangan Di Atas (TDA), and Trubus. There are seven main features on Daya.id, namely:

**1. Tips & Infos**

Displays the tips and info that are useful and practical for daily activity. Tips and info in business category covers the financial sector, marketing, human resources, operational, legal and licensing as well as the self development, while

in the category of health the info covers the fields of healthy living, disease and psychology.

**2. On-line Courses**

Offer a variety of online training modules in the form of short videos from trusted expert partners and also short interesting and comprehensible animation videos.

**3. Success Stories**

Offering a choice of inspiring and motivating stories from entrepreneurs' success and stories to encourage adoption of a healthy lifestyle.

**4. Ask the Experts**

Offers access to experts of business and health, where visitors can submit their questions about, e.g. the issues of financial planning, digital marketing, franchises business and issues regarding laws, as well as common diseases, psychology, and nutrition.

**5. New Business Opportunities**

Offers a wide range of franchises business options which consist of 46 companies that collaborate with the Franchise Indonesia



Magazine and Indonesia Franchise Association. Daya.id provides choices of business opportunities in the form of franchise and those that have been tested and successful, including food and beverages, retail, services, and health.

6. **Pasar Daya**  
Displays quality products from elected Bank BTPN customers, ranging from local culinary products to various other selected products.
7. **Sahabat Daya**  
Offering a choice of volunteering programs that provide opportunity for anyone to share their interest and expertise, and take an active role to increase the capacity of Indonesia people in health and economy.

Until the year 2019, Daya.id website has been visited by 166,031 visitors including 12,199 active users.

**f. Entrepreneurship Capacity Building and Financial Literacy**

As a form of Bank BTPN's support in improving the capacity of MSMEs, through Daya program the Bank increases the capacity of entrepreneurship. The program was developed together with universities, practitioners of MSMEs and corporations that competent and experienced in the industry. Programs to increase the capacity of entrepreneurship is formulated in the curriculum and the graded modules in line

with the business phase. This entrepreneurship capacity building program is held through classes in the offline and online classes through the digital platform of www.daya.id and other online communication channels. In the year 2019, 17 business & expert forum have been organized, where 859 participants from 14 cities participated.

One of the manifestations of the entrepreneurship development program in 2019 is that Daya was working together with the Komunitas Tangan Di Atas, one of the largest MSME communities in Indonesia. It is expected that from this cooperation Bank BTPN entrepreneurship program can be developed further and reach more beneficiary participants.

In addition to the program of entrepreneurship capacity building, Daya also organized financial literacy program which aims to enrich the knowledge of the public on the importance of good financial management, the introduction of a healthy investment and preparation for a better future. Financial literacy program was held at the branches of Bank BTPN and the location of Bank BTPN partners in some areas. This program had 6,352 participants from 254 activities.

As a form of support to the future retired civil servants, police and the military officers, Daya organized course program which

aims to help fashion the correct mindset to anticipate retirement, manage finance and business plan during retirement. This program had 11,241 participants from 127 activities in 2019.

In 2019, Daya has organized a smart financial management and business development programs for Sinaya customers. This program was attended by 131 customers in Jakarta, Surabaya and Medan.

**g. Sahabat Daya**

As an effort to encourage more employees of Bank BTPN to participate in person in empowerment activities to change the lives of millions of Indonesian people, Bank BTPN provides a medium called Sahabat Daya. Through the Sahabat Daya program, during the year 2019, 422 employees both individually or collectively, have participated and even taken the initiative to organize and run 25 empowerment activities in some regions of Indonesia.

These range from initiating learning class about financial literacy for the children of victims of the earthquake in Lombok, cleaning beaches in Banyuwangi, provision of clean water in Pacitan, to the training on how to save money to realize dreams for vocational schools in Karawang.

This has made employees to



have awareness that work can go together with empowering people, something that benefit them.

Not only for employees, but students in some universities are invited to be involved in various activities through Sahabat Daya empowerment program.

For example, 95 medical students in one of the universities in Jakarta have made and developed educational materials in promotive and preventive health measures that can be accessed online by Indonesian public through Daya.id website. During the year 2019, all those students have successfully made 31 training materials in health in educational videos that are attractive and easy to learn.

Not only that, 81 students from a prominent business school in Indonesia have also been directly involved in the community empowerment of business

players from the low-income productive segment in Bogor and surrounding areas. The knowledge that the students have gained during the lecture on the bench are applied to 27 business players in order to develop their business.

They have transmitted a lot of knowledge from the subject of finance, marketing, to product development, to productive low-income business players, all of whom are women in rural areas.



Selendang Mayang Bazar

#### h Selendang Mayang

Selendang Mayang is an annual bazaar that Bank BTPN organizes to appreciate the Bank's customers running micro, small, and medium sized enterprises.

It aims at providing wider access to the market as well as network to important partners throughout Indonesia. The event also exhibits premium products of Product Champion Program customers of BTPN Daya.

Show more than 10,000 types of products, this event successfully net more than 2,000 visitors and obtain sales of IDR 473 million in two days of implementation.



## Story of Customer Empowered by Bank BTPN

### In Health

# Adiyati and Healthy Living



Ibu Adiyati acts as a physical exercise instructor for other retiree customers

This course could be grueling at times for anyone to have a true commitment for maintaining healthy living. Adiyati, a retired civil servant of Kudus, Central Java, knows well of the matter when she decided to sign up for a one of the reasons when signing up for the Health Cadre program in Bank BTPN. Since teenage years, Adiyati has

constantly practiced healthy living and tried to become an example for her children.

#### **Health is Number One Priority**

It is truth universally acknowledged that health is of great value. However, not everyone is on the same page. Adiyati, who has worked for the regional government

of Kudus for years, always sets health as the first priority in her life.

Adiyati pays attention to how she eats, and it helps because she is a picky eater. She always tries to eating enough. She believes that the human body is capable of doing “its own speaking”. Therefore, if she does not feel fresh after having



certain food, she will stop. Adiyati is also known to fast regularly.

### **Balance diet and exercise**

Aside from having healthy diet, Adiyati quite frequently exercises. She is an instructor of aerobic activities for seniors in her neighborhood a few times a week. The woman, born in 1951, does the same work in the house of an ex-regent of Kudus. Adiyati has to make sure that she keeps on moving on a daily basis.

"I happen to spend most of my time at home. As I sweep and mop the floor, I can walk and move," Adiyati said.

### **Spreading good habit to family**

Adiyati shares her habit of healthy living to her family as well. Since her kids were little, this mother of three children often gives explanations to them about what a healthy living is. For instance, if one kid refuses to eat vegetables, she would tell him/her that every organ of the body, in addition to tongue and belly, needs food.

In fact, Adiyati never adds artificial flavoring to her cooking, rather she applies natural additives like garlic, shallots, and salt to the dish.

### **Know more of healthy living after joining the Health Cadre**

Program Considering her high commitment in maintaining healthy living, it is natural that Adiyati is elected to one of the Health Cadres in Bank BTPN and, as a result, she expands her knowledge on healthy living that is applicable in everyday life.

By being a Health Cadre, Adiyati has the chance to meet more people who would consult with her on health issues. From hours after hours of counseling, Adiyati realizes that many seniors, male or female, have yet fully grasped the idea of what healthy living is. Adiyati shared her knowledge on matters concerning health to them and encourages the seniors to practice healthy living. Moreover, Adiyati

has many times been an aerobic instructor for the elderly that Bank BTPN organizes every Mondays and Wednesdays.

Adiyati counts on the retired seniors like her to keep being healthy. The woman of six grandchildren feels happy should there be fellow retirees who go with her suggestions as regards healthy living.

## In Entrepreneurship

# Sa'arina Gambang Bread

### Ex sports teacher who refuses to give up

Cecep was born in 1968. He graduated from a Sports Teacher School (SGO) and worked as a physical education teacher between 1987 and 1990. Prior to producing sweet bread and gambang bread, he was employed in a gasoline station. Cecep started his own business after acquiring knowledge on bakery from his father-in-law who happened to be a staff member in Tan Ek Tjoan bakery.

He established the business in 2000 by tapping his piggy bank, kicking it off with sweet bread, and ends up owning eight factories in Bogor and its surrounding areas. The sweet bread production once reached 5,000 per day, appealing to people to join as salespeople. However, the business went slow because many salespersons did not return sales results, leading to downsizing in baking facilities to five.

Bypassing this problem, Cecep and his family tried to add gambang bread to the production chamber using the trademark Sa'arina which means "time permitted" as they only produce the gambang bread when there is time.

It turns out that the gambang bread has the same sales potential with the sweet bread. Between 2005 and 2010, Cecep distributed 3,000 gambang to 600 stores. Unfortunately, naughty salespeople obstructed his business once again. Cecep had his lesson learned, eventually. Today, he looks into people deeply before hiring them.

### Sweet bread and gambang

Every once in a week Cecep buys raw materials for the production of gambang bread. As for the production means, he has in store ovens, baking sheets, and long table for dough cutting. Cecep employs eight workers in the factories. Daily production of gambang reaches 400 loaves in one batch of dough. Cecep usually needs 1-2 batches per day for producing sweet bread.

For the time being, Cecep's gambang has three flavours: original, cheese, and durian. Cheese gambang has been topping the best-selling list. All products are packaged in plastic bags and cartons. A carton contains 15 gambang loaves, while the plastic bag has eight gambang loaves. Cecep produces sweet bread with

20 different flavours every day. Some of the most popular flavours are chocolate, chocolate and cheese, and blueberry jam.

### Offline and online product marketing

Cecep distributes his products off-line to stores through an array of salespeople. Today, his products are available in 20 stores. Cecep applies the consignment method for the stores. Every once a week the old gambang will be replaced with the newest batch. Sweet breads are directly offered to consumers through salespeople.

Cecep finds it hard for his gambang products to penetrate to major supermarkets in Bogor via off-line selling. Therefore, he is still trying to improve his bread production and campaigns to other places. Daily turnover for his gambang bread is estimated at IDR 625,000, and IDR 400,000 for his sweet bread.

### Not Yet Optimum

Cecep's power to rebuild the business has made way for him to become a trainer in bread production and a business motivator in Regional Office of Industry and Trade.

In doing business, Cecep has participated in entrepreneurship training as well as counseling from local village office, Regional Office of Industry and Trade in Bogor, and Bank BTPN Daya. Counseling is provided by local village office as regards business licensing, halal license from the Indonesian Council of Ulama, registration to Bogor Regional Office of Industry and Trade. In the end, the gambang bread is certified halal and has recommended expiry dates.

Cecep dreams of having his own outlets going forward so as to sell his and other SME's products easily. To reach the goal, he has saved some of the business profits.

### Role of Bank BTPN in Cecep's business journey

Bank BTPN takes part at almost every point of Cecep's business development in the fields of financing and empowerment. The first loan approved for Cecep amounted to IDR 5,000,000. And then, another loan reached IDR 20,000,000. The last loan reached IDR 50,000,000. Each loan is taken out with a two-year tenor.

Bank BTPN through Daya does not only inject business capital through loans, but also makes possible such empowerment as soft skills training (financial records, online business drills, and so on). Cecep is also subject to hard skills training such

as producing premium products—making Gluten-free gambang using premium materials. Moreover, Cecep has access to Selendang Mayang, one of Daya's events.

According to Pak Cecep, Bank BTPN is really supportive in developing the business that he runs from every aspect. The Bank's high contribution helps his business to thrive as ever.





# Building Human Competencies at Bank BTPN

---

“

While just completing a strategic corporate action in the form of a merger between two institutions with different work cultures, it is important for the Bank to implement its policy of equality of opportunity so as to present a pleasant work environment aiming at the achievement of a harmonious integration process and acculturation of two cultures into a new single organizational culture.

”

---



## Commitment And Basic Policy

[GRI 103-1, GRI 103-2, GRI 103-3]

Bank BTPN considers human resources as an invaluable asset whose central role is supporting the Bank in achieving added value for shareholders, customers, and other stakeholders. In this way, Bank BTPN is fully committed to providing an enjoyable workplace, a favorable work/life balance, competitive remuneration, chances for personal growth, and career development for its employees through human resources management. The objective of human resources management is to provide employees opportunities to evolve in ways that best meet their potential, giving them space to achieve their best performance so as to support the scale-up of the Bank BTPN's business.

Bank BTPN implements the principles of equal employment opportunity and anti-discrimination as regards to competency management and development of its workforce. Given the current strategic corporate action of merging two different corporate cultures, it is crucial for the Bank to have its policies suited to the equal opportunity principles and to guarantee that good rapport in the merged culture is established.

Bank BTPN engages all levels of staff in consolidating all of their internal potential by holding comprehensive

on-boarding sessions to introduce the organizational culture of each bank, and to understand the similarities and differences of SMBCI and Bank BTPN from a human resources perspective. This includes identifying the similarities and differences in the views of each bank regarding customer orientation, collaboration and loyalty processes, as well as approaches in aspects of leadership, decision making, compliance and risk appetite.

The findings are then put to good use as grounds for establishing vision, values, and culture of the merged bank from which implementation plans, for a series of sustainable programs on employment productivity gain in the coming years, are set up. The Bank believes that the integration of culture and competence as a whole will further protect the growth of units of competency in that Bank BTPN is more prepared to achieve its potential for business expansion. With the development of the businesses, Bank BTPN has more ability to support the achievement of various formulations for sustainable development goals.

The implementation of basic policies, measurement of human resources management, and designation of human resources management quality parameters are in line with the achievement of sustainable development formula on a global scale namely "Decent Work and Economic Growth" (goal 8 of SDGs).

## Equal Employment Opportunity

Bank BTPN sets in motion equal employment opportunity principles in all practices of human resources management. Bank BTPN respects and values the diversity of ethnicity, gender, citizenship, religion, as well as diversity of opinions, experiences, talents and ideas. Bank BTPN strives to empower all individuals in order for them to be successful in work and personal potential and reward them based on their performance and achievements.

Bank BTPN upholds the principle of equal employment opportunity in managing human resources so that no cases of gender-based or race-based discrimination occur during the reporting year. [GRI 406-1]

Bank BTPN commitment in initiating a diverse and inclusive work environment is reflected in the composition of BTPN employees. By the end of 2019, the total number of Bank BTPN employees reached 7,740, consisting of 3,156 females and 4,584 males.

The following shows the demographics of the Bank's staff in the last two years, bearing in mind that Bank BTPN did not have employee data per region and employment status (permanent and contractual). It does not have employment status (permanent and contractual) details by gender either. [GRI 102-8]



### Total Employees by Employment Status [GRI 405-1, GRI 102-8]

Employee Status	2019		2018	
	Amount	Percentage	Amount	Percentage
Permanent	6,948	90%	6,437	83%
Contractual	792	10%	1,365	17%
<b>Total</b>	<b>7,740</b>	<b>100%</b>	<b>7,802</b>	<b>100%</b>

### Total Employees by Gender [GRI 405-1]

Gender	2019		2018	
	Amount	Percentage	Amount	Percentage
Male	4,584	60%	4,751	61%
Female	3,156	40%	3,051	39%
<b>Total</b>	<b>7,740</b>	<b>100%</b>	<b>7,802</b>	<b>100%</b>

### Employee Distribution Based on Gender and Position [GRI 405-1]

Position	2019					2018				
	Male	%	Female	%	Sub Total	Male	%	Female	%	Sub Total
Board of Management	10	77	3	23	13	5	56	4	44	9
Top Management	98	64	56	36	154	66	57	49	43	115
Senior Management	475	67	231	33	706	453	70	197	30	650
Management	1,632	61	1,060	39	2,692	1,496	62	922	38	2,418
Officer/Supervisor	1,244	65	665	35	1,909	1,678	65	908	35	2,586
Clerical	1,125	50	1,141	50	2,266	1,053	52	971	48	2,024
<b>Total</b>	<b>4,584</b>	<b>59</b>	<b>3,156</b>	<b>41</b>	<b>7,740</b>	<b>4,751</b>	<b>61</b>	<b>3,051</b>	<b>39</b>	<b>7,802</b>

### Employee Distribution Based on Position and Age 2018

Position	<=25	>25- <=29	>=30- <=34	>=35- <=39	>=40- <=44	>=45- <=49	>=50- <=54	>=55- <=59	>=60	Total
Board of Management	-	-	-	-	1	2	6	-	-	9
Top Management	-	-	-	6	23	44	35	7	-	115
Senior Management	-	2	59	171	161	155	98	4	-	650
Management	86	287	657	689	355	213	129	2	-	2,418
Officer/Supervisor	228	499	886	676	190	80	27	-	-	2,586
Clerical	92	644	767	340	120	34	25	2	-	2,024
<b>Total</b>	<b>406</b>	<b>1,432</b>	<b>2,369</b>	<b>1,882</b>	<b>850</b>	<b>528</b>	<b>320</b>	<b>15</b>	<b>-</b>	<b>7,802</b>

### Employee Distribution Based on Position and Age 2019

Position	<=25	> 25 - <=29	>= 30 - <=34	>= 35 - <=39	>= 40 - <=44	>= 45 - <=49	>= 50 - <=54	>= 55 - <=59	>=60	Total
Board of Management	-	-	-	-	2	3	6	2	-	13
Top Management	-	-	-	16	32	57	41	7	1	154
Senior Management	-	5	64	179	182	163	108	5	-	706
Management	114	388	673	735	407	225	150	-	-	2,692
Officer/Supervisor	120	400	610	541	161	57	20	-	-	1,909
Clerical	150	740	792	399	118	45	22	-	-	2,266
<b>Total</b>	<b>384</b>	<b>1,533</b>	<b>2,139</b>	<b>1,870</b>	<b>902</b>	<b>550</b>	<b>347</b>	<b>14</b>	<b>1</b>	<b>7,740</b>

## Improving Industrial Relations Quality

[GRI 407-1, GRI 103-3]

Bank BTPN recognizes the right of employees to form and participate in a labor union. The Bank has facilitated the formation of the Bank BTPN Workers Union which was established on September 27, 2007, with registration number 256/DPP.SP.BTPN-CTT.22-DISNAKER/2007, at the regional office of Manpower and Transmigration. The union covers all employees of the Bank. [GRI 102-41]

Bank BTPN always seeks to foster mutual support with the Labor Union through the concept of partnership and dialogue. To ensure that employees understand their rights and responsibilities, the Bank periodically disseminates information on labor rules and regulations to the employees, as well as conducting interactive sessions for all levels of staff on a regular basis.

The interactive sessions are a vehicle for the creation of open communication channels between the management and the employees of the Bank. The two-way communication helps create a positive environment which contributes to the increase in employee productivity. It also serves as a form of rights fulfillment of the employees. Moreover, the Bank launches an employee engagement survey as a means of providing feedback for improving the management of industrial relations with the employees.

## Work-life balance

The Bank supports the establishment of Bank BTPN Club as a means by which all employees can enjoy their hobbies and socialize with their Bank BTPN colleagues. Employees can also sign in at any sports club in the Bank ranging from futsal, badminton, athletics, tennis, bowling, to karate and judo. They can also join dance,

singing, photography, and cycling, eSport, and other sports clubs. Bank BTPN also routinely holds religious and social activities for employees.

BTPN Parents Club is a club for employees where young parents can share tips on parenting, healthy nutrition for families and other info regarding life balance.

Bank BTPN provides a means of channeling the social sensitivity of employees through participation in Sahabat Daya, where all employees are invited to be involved empowerment through community interactions and helping them achieve a better life.

Bank BTPN provides one floor in Headquarters as a Beranda, a common room equipped with various game facilities where employees can relax together. The space is also equipped with a music studio and karaoke room, targeted for employees



BTPN Football Club

who love to play music. Employees can watch popular films or sports events together at the theater here which is equipped with a large screen and high quality sound system.

With pleasing facility to channel the soul of empowerment in the office, it is expected that employees get an evocative work environment that may suit their souls and help them work more productively.

## Human Resources Management and Development Program

### Recruitment and Turnover [GRI 401-1]

Bank BTPN is committed to prioritizing the local workforce in developing Indonesian human resources. Foreign talents are hired only if it requires a specific expertise or a skill that is rarely found in Indonesia, aiming at knowledge transfer to the Indonesian workforce.

The recruitment process is carried out openly to provide equal employment opportunity to all potential employees. Certain positions are usually set aside for existing workers.

Based on the recruitment process, Bank BTPN, in 2019, accepted 1,951 fresh talents consisting of 1,296 males and 655 females, most of whom are relatively young, to fill executive level positions

### Recruitment Data Based on Gender [GRI 401-1]

Description	2019	Percentage	2018	Percentage
Male	1,296	66%	752	60%
Female	655	34%	511	40%
<b>Total</b>	<b>1,951</b>	<b>100%</b>	<b>1,263</b>	<b>100%</b>

### Recruitment Data Based on Age

Description	2019	2018
<=25	459	396
>25-<=29	587	345
>=30-<=34	459	284
>=35-<=39	264	166
>=40-<=44	109	51
>=45-<=49	50	11
>=50-<=54	15	6
>=55-<=59	8	4
<=60	-	-
<b>Total</b>	<b>1,951</b>	<b>1,263</b>

### Recruitment Data Based on Area

Description	2019	2018
Jabodetabek	990	478
Java	436	304
Outside Java	525	481
<b>Total</b>	<b>1,951</b>	<b>1,263</b>

### Employee Turnover

In addition to hiring new recruits, Bank BTPN loses employees due to a number of factors. Total employees who left Bank BTPN in 2019 amounted to 1,795, increasing the employee turnover rate from 11% in 2018 to 23% in 2019. The average turnover rate in the banking industry is around 16-18%.

### Employee Turnover Data Based on Gender [GRI 401-1]

Description	2019	Percentage	2018	Percentage
Male	1,351	75%	1,182	68%
Female	444	25%	559	32%
<b>Total</b>	<b>1,795</b>	<b>100%</b>	<b>1,741</b>	<b>100%</b>

### Employee Turnover Data Based on Age Group

Description	2019	2018
<=25	159	208
>25-<=29	393	460
>=30-<=34	541	577
>=35-<=39	421	308
>=40-<=44	150	98
>=45-<=49	59	38
>=50-<=54	32	15
>=55-<=59	39	36
>60	1	1
<b>Total</b>	<b>1,795</b>	<b>1,741</b>

### Employee Turnover Data Based on Area

Description	2019	2018
Jabodetabek	508	874
Java	580	362
Outside Java	707	505
<b>Total</b>	<b>1,795</b>	<b>1,741</b>

### Reasons for Quitting [GRI 401-1]

Description	2019	2018
Retirement	64	46
Death	9	7
Violations	60	47
Resignation	791	971
Others	871	670
<b>Total</b>	<b>1,795</b>	<b>1,741</b>

### Training and Development

#### [GRI 103-3]

Bank BTPN believes that competence development of all levels of staff is essential for the scaling-up of businesses. Improved competence will result in improved competitiveness of the Bank. Therefore, Bank BTPN organizes training and development programs for all employees. The Bank encourages its employees, without exception, to develop their competencies and careers.

Bank BTPN conducts training programs through digital learning and in-class learning. Supervision of employee participation and activity in the training programs is designed and logged in the Human Capital Management System (HCMS). In line with the development of the banking industry and the business performed, the Bank also includes training which covers the introduction of social and environmental aspects of risk mitigation in the collection and distribution of funds. It also includes regulations and references regarding the achievement of sustainable development goals in the social and environmental fields.

Throughout 2019 Bank BTPN has held 279 training sessions where 9,201 participants engaged in 224,529 hours of training, or an average of 24 hours per participant.

Total budget for training and development activities in 2019 reached IDR 110 billion, an increase of IDR 66 Billion, compared to 2018.

### Training Based on Position and Gender - 2019 [GRI 404-1]

Position Level	Training Participants According to Gender		Training Time According to Gender	
	Male	Female	Male	Female
Top Management	15	7	160	209
Senior Management	288	141	10,068	5,406
Management	1,191	639	32,309	18,517
Officer/Supervisor	4,152	2,754	88,347	68,875
Clearical	9	5	161	209
<b>SubTotal</b>	<b>5,655</b>	<b>3,546</b>	<b>131,044</b>	<b>93,216</b>
<b>Total</b>	<b>9,201</b>		<b>224,259</b>	

### Average Training Duration Based on Gender 2018-2019 [GRI 404-1]

Position Level	Training Participants According to Gender			
	2019		2018	
	Male	Female	Male	Female
Top Management	11	30	16	21
Senior Management	35	38	43	25
Management	27	29	34	37
Officer/Supervisor	21	25	23	23
Clearical	18	42	12	24
<b>SubTotal</b>	<b>23</b>	<b>26</b>	<b>27</b>	<b>25</b>
<b>Total</b>	<b>24</b>		<b>26</b>	

### Performance appraisals, career path, and retirement program

As a part of an effort to create an excellent work culture, Bank BTPN periodically carries out performance appraisals for every job grade. The assessment is conducted every year on the basis of certain key performance indicators (KPI), set toward a team or an individual. The appraisal is treated as the basis to draw up a strategic plan for developing employee careers while monitoring and managing Bank BTPN's performance. Bank BTPN audits 100% of its employees periodically every year. [GRI 404-3]

When the result classifies a worker as "extraordinary" or "above average" in a different appraisal period, a chance to be promoted opens up in line with the expansion of Bank BTPN business, competency-based performance appraisal, educational background, and availability of open positions. With regard to performance appraisal results, in 2019, there are 1,108 or around 14% from employees that who get a promotion to occupy a higher grade. The list is as follows:

Promoted Grades	Promoted Employees According to Gender				Total	Percentage
	Male	Percentage	Female	Percentage		
Top Management	3	100%	-	-	3	100%
Senior Management	24	65%	13	35%	37	100%
Management	118	56%	91	44%	209	100%
Officer/Supervisor	481	56%	378	44%	859	100%
Clearical	-	-	-	-	-	100%
SubTotal	626	56%	482	44%	-	100%
<b>Total</b>					<b>1,108</b>	<b>100%</b>

Bank BTPN conducts various training programs so as to improve the skills and competencies of its employees. In addition to reinforcing Bank BTPN's competitiveness, the programs are vital, not only for the promoted employees, but for those preparing retirement or resignation in Bank BTPN.

Bank BTPN offers leadership training programs to various levels of leadership, aiming at first-timers as team leaders, middle managers, and senior managers.

Available leadership competency improvement programs are as follows: [GRI 404-2]

- Leadership Development Program, Level 1 (LDP P1): leadership training for first-timers as team leaders
- Leadership Development Program, Level 2 (LDP P2): leadership training for managers leading different teams.
- Leadership Development Program, Level 3 (LDP P3): leadership training for senior

managers leading different departments.

In addition to in-class training programs, Bank BTPN sets up sharing sessions on Leadership and Digital Knowledge.

### Socialization of the Aspects of Human Rights to Employees and Security Guards

[GRI 412-2, GRI 103-3]

Bank BTPN is fully committed to the internalization of human rights in the workplace, aiming at fair and respectful behavior toward people. Accordingly, the Bank does not only habituate security guards, but also full-time employees with relevant duties.

Especially for security guards, Bank BTPN requires training licenses on human rights issued by the police taking into account the fact that most of these assets are outsourced. In 2019, all security officers Bank BTPN

were trained on human rights issues. As for employees, training on human rights issues is provided through mandatory introduction to Bank BTPN Code of Conduct, when relevant training materials are circulated.

### Welfare Package

#### Remuneration

[GRI 103-1, GRI 103-2, GRI 103-3]

Bank BTPN remunerates its employees with basic salary, allowances, performance benefits, other benefits, and employee retirement program. The remuneration is distributed fairly to every Bank BTPN employee without discrimination on gender, race, and citizenship. Bank BTPN guarantees that remuneration is equal to, or even higher than, the regional minimum wage.

Bank BTPN network operates across 34 provinces in Indonesia, all of which apply basic salaries that are at least equal to, or even higher than, the regional minimum wage. as shown in the following 15 provinces.



### Basic salaries of entry levels compared to the regional minimum wage (in Rupiah) [GRI 202-1]

Area	Local minimum wage	Basic salary entry level	Ratio of local minimum wage to company basic salary
Bali	2,297,968	2,560,000	1:1,1140278429501
Banten	2,267,991	2,550,000	1:1,12434331108539
Bengkulu	2,040,407	2,050,000	1:1,00470151298246
DI Yogyakarta	1,710,000	1,710,000	1:1
DKI Jakarta	3,940,973	4,030,000	1:1,02259008164516
Jambi	2,423,889	2,430,000	1:1,00252108887685
West Java	1,668,373	1,720,000	1:1,03094462405025
Central Java	1,605,396	1,610,000	1:1,00286782824923
East Java	1,630,096	1,770,000	1:1,08582595314201
South Kalimantan	2,651,782	3,230,000	1:1,21804886710236
Lampung	2,241,270	2,250,000	1:1,00389532355798
Maluku	2,400,664	2,510,000	1:1,0455440661417
Papua	3,128,170	3,250,000	1:1,03894609308318
West Sulawesi	2,369,670	2,370,000	1:1,00013925989695
South Sumatera	2,804,453	2,810,000	1:1,00197792582012

The amount of remuneration is based on positions, competencies, and performance appraisals of employees. Equal basic salaries are offered to both male and female employees at all levels. Meanwhile, total remuneration packages given to employees at any level are exclusively based on performance, not gender. [GRI 405-2]

Besides offering basic salaries, Bank BTPN also provides allowances including paid leave, inclusive of mandatory leave which has been taken by 81% of employees during the reporting period.

At present, Bank BTPN grants longer term paid leave to employees serving the country or giving birth.

For employees who give birth, during maternity leave, the salary and allowance are provided normally. After the leave, the concerned employees can return to work at the same position and location. Throughout 2019, as many as 304 employees

took maternity leave. At the end of reporting year, all of them resumed their work at the same position. [GRI 401-3]

The right of leave does not only applies to the female workers who give birth, but also to male employees who accompanied their wives during the latter's period of maternity leave, which is for 4 (four) working days.

In Bank BTPN records, total of male workers has the right to take accompanying leave birth of child in 2019 are 4,032 employees. Total of male workers who applied for leave accompanying births in 2019 are 201 people. All employees who took the leave have to work as before.

[GRI 401-3]

#### Retirement Plans

[GRI 201-3]

Bank BTPN also offers pension preparation programs for employees who would enter pension age so as to maintain their prosperity. From the welfare aspect, Bank BTPN includes

the employees in fixed benefits or fixed income pension Programs, and contributes to the pension premium paid to the managing insurance in line with applicable laws. The management of this pension program is carried out in cooperation with PT Asuransi Allianz Life Indonesia.

In the retirement programs, Bank BTPN has contributed 2% to the pension fund, while the employee pays a fee of 1%.

In addition, Bank BTPN has included its employees in the government welfare pension program in the health sector, partnering with The Healthcare and Social Security Agency (BPJS).

Bank BTPN also lays the groundwork for its employees to become successful entrepreneurs by conducting a number of training programs in entrepreneurship, financial management, and mental preparation for retirement.



# Participating In Environmental Conservation

---

“

Bank BTPN is ready to support government's efforts to meet development targets under the Sustainable Development Goals framework through its environmentally friendly operational activities, green financing and active engagement and participation in environmental conservation campaigns.

”



Certified building Gold Standard Certificate for Green Building.

Climate change occurring across the globe is indicated by increasing extreme weather as an impact of disturbances of environmental balance, forcing almost every country in the world to make environmental conservation their main priority. On a global scale - the Sustainable Development Goals (SDGs) comprising 17 Goals have become the development compass. Indonesia, among other large countries situated in the tropics, joined other parties that have ratified the Paris Agreement in COP 21 in 2015.

In that convention, Government of Indonesia affirmed the country's commitment to reducing CO2 emissions by 29% in its economic development management, or up to 41% with foreign support by 2030. The 2016 GHG emissions are used as the measurement standard.

Given that management of environment and extreme weather requires the involvement of all social components, as a leading bank with its business operations in almost every region in Indonesia and its fairly high number of customers has shown its determination to participate.

### **Commitment and Policy** [GRI 103-1, GRI 103-2, GRI 103-3]

As a bank, Bank BTPN's business activities do not actually have significant environmental impacts. However, Bank BTPN is fully committed, together with global community, to supporting the achievement of various sustainable development goals in the environmental field as formulated in the SDGs.

There are three main approaches made by Bank BTPN to support the achievement of these sustainable development goals of the environmental conservation.



The first approach is made through implementation of green corporate financing policy which is based on the Equator Principle. The second approach is through implementation of green financing, and the third one is the implementation of policy on environmentally friendly business operations.

These three approaches are specified in Bank BTPN's Green Finance Action Plan 2019-2023 document, prepared to embody the Bank's strong commitment to supporting the achievement of the sustainable development goals.

### Green Financing

In this particular mode of financing, Bank BTPN now has a policy to implement a set of requirements for both business development and green infrastructure project financing. A number of identified green businesses include: development of renewable power plants for example wind power plants (PLTB), hydro-power plants (PLTA), Gas Engine Power Plant (PLTMH), environmentally friendly plantation, energy effective transportation system, energy efficiency improvement, and others.

In an effort to support the implementation of the green project/business financing policy, the Bank has developed environmentally

friendly project due diligence that includes identification and mitigation of environmental risks. Bank BTPN also implements a special covenant of this type of financing, including the stipulation of an on site inspection clause to examine debtor's compliance with environment laws and regulations.

As part of the green financing policy implementation, Bank BTPN has provided its employees with a special training. The training material covers identification and comprehension of sustainable financing principles including how to identify, manage and mitigate environmental and social risks arising from approved financing schemes. [FS4]

### Environmentally Friendly Funding

Bank BTPN also runs a program to raise fund based on sustainable principles. This fund raising is done at the institutional and individual levels. At the institutional level, Bank BTPN tries to strengthen its cooperation with the other Equator Principle's member parties.

As for individual customer approach, the Bank intensifies fund raising through Sinaya program. Bank BTPN plans to launch the Sinaya fund raising product: social fund.

### Environmentally Friendly Business Operation Green Building

Bank BTPN's Head Office is located in Bank BTPN Tower, Jakarta, designed with green principles and has received Gold Standard Certificate for Green Building.

Bank BTPN Tower uses LED lights and motion sensor to activate the lights to reduce power consumption. To optimize the use of available natural light, the building is not outfitted with window blinders and it keeps the use of blocking partitions at minimum.

Bank BTPN tower uses an open ceiling design concept that has successfully improved oxygen volume by 50%. An ultraviolet germicidal irradiation technology is utilized as a disinfecting method to clear micro-organisms out of the building's air. This tower also uses epoxy floor coating to prevent growth of bacteria and germs.

Some Bank BTPN branch offices also have green building's exterior designs using living plants to maximize their green space and lower the temperature. The designs also help reduce energy consumption and showcase a natural setting.

## Energy Management

[GRI 302-1, GRI 103-2, GRI 103-3]

Bank BTPN implements energy management by setting up electricity power in the Head Office building and branch office buildings in a way to save the energy. Some basic policy principles are implemented through using energy-saving-LED lights, lighting system setting and lift operational schedules in multi-story buildings. Another principle exercise to save the energy is by monitoring and managing fuel consumption of operational vehicles.

Bank BTPN performs a record and a supervision on the electricity and fuel in a manner of bank wide, which will serve as benchmark for measuring energy consumption effectiveness in the coming years.

In managing this energy consumption Bank BTPN is only a consumer that meets its energy needs from PLN and Pertamina supplies. Bank BTPN has not yet developed the use of renewable alternative energy, such as solar power.

Bank BTPN recorded energy consumption of PLN's electricity in all the Bank's operational offices and fuel oil for all operational vehicles throughout 2019, as detailed below:

### Energy Consumption [GRI 302-1]

Energy Type	Quantity	G.Joules
Fuel (liter)	2,362,931	94,983
Electricity (kWh)	16,301,816	58,687
<b>Total</b>		<b>153,669</b>

#### Note

- 1) Fuel use (Pertamax) in liter is measured by dividing the amount of fuel purchased by fuel price per liter.
- 2) Electricity use in kilowatt hour (kwh) is measured by dividing total electricity cost (in Rupiah) by electricity tariff per kwh.
- 3) Fuel use per liter is converted to Gjoules by adopting the Greenhouse Gas Protocol Initiative, 2004.
- 4) Electricity use in kwh is converted to Gjoules by adopting the Greenhouse Gas Protocol Initiative, 2004.
- 5) This is the first sustainable report, so Bank BTPN only reports energy consumption of 2019.

### Green House Gas Management [GRI 103-2, GRI 103-3]

Bank BTPN has made a number of efforts to manage its CO<sub>2</sub> (Carbon Dioxide) emissions or Green House Gas (GHG) from fossil-based fuel direct burning to generate electric power and transportation fuel. The energy management uses the method previously explained.

Bank BTPN has also made some efforts to manage its Greenhouse Gas (GHG) emissions by monitoring, recording and managing the number of business trips for project visits and other business purposes.

Based on the energy management and consumption data, and the number of business trips that has been made, Bank BTPN then calculated the amount of its CO<sub>2</sub> emissions detailed in the following tables.



**Greenhouse Gas Emission (GRK) [GRI 305-1, GRI 305-2, GRI 305-3]**

Emission Source	Ton CO <sub>2</sub> Eq
Fuel oil (Scope 1)	6,143
Electricity (Scope 2)	14,128
Business travel (Scope 3)	640
<b>Total</b>	<b>20,911</b>

Note:

- 1) The calculation of Greenhouse Gas emissions over fuel use (Pertamax) refers to the Technical guidelines to measure greenhouse gas emissions of energy-based sector, National Development Planning Agency (Bappens), 2014.
- 2) The calculation of greenhouse emissions of kwh electricity use refers to the provisions from the Directorate General of Electricity Ministry of Energy and Mineral Resources, 2017
- 3) The calculation of greenhouse gas emissions from business trips refers to the ICAO (International Civil Aviation Organization) standard.



Drinking water production with reverse osmosis technology

**Water Consumption**

In order to reduce water consumption and to support environmental conservation, Bank BTPN Head Office has already used reverse osmosis technology to produce the water supply. By supplying its own water and drinking water using this technology, Bank BTPN is becoming self-sufficient and avoiding use of bottled water which is at the same time reducing the amount of plastic waste.

**Decreasing Paper Consumption**

To reduce use of paper, Bank BTPN encourages use of more electronic communication to replace paper-based communication. Since 2018, the Bank has introduced a new Front End System (FES) across its network as a more environmentally friendly platform compared to paper-based processing.

Bank BTPN has also been developing two mobile banking platforms: BTPN Wow! and Jenius, that use mobile technology. Both products are reducing customers' need of visiting branch offices and minimizing paper consumption in all processes, from account opening, banking transactions and reporting.

# Statement GRI Standards in Accordance Check



NATIONAL  
CENTER FOR  
SUSTAINABILITY  
REPORTING

## Statement GRI Standards in Accordance Check

The National Center for Sustainability Reporting (NCSR) has conducted a GRI Standards in Accordance Check on PT Bank BTPN Tbk Sustainability Report 2019 ("Report"). The check communicates the extent to which the GRI Standards has been applied in the Report. The check does not provide an opinion on the sustainability performance of the reporter or the quality of the information provided in the report.





We conclude that this report has been prepared in accordance with GRI Standards - Core option.




Jakarta, 8 May 2020

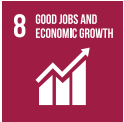


**National Center for Sustainability Reporting**





**Dewi Fitriasaki, Ph.D., CSRA, CMA  
Director**

# SDGs Links in GRI Standard




SDG's	Business Theme	Relevance of GRI Standard		Page
<b>1. NO POVERTY</b>  End poverty in all its forms everywhere.	Availability of products and services for low income groups	GRI 203: Indirect Economic Impacts	203-1	87
	Economic Development in areas of high poverty	GRI 203: Indirect Economic Impacts	203-1	87
	Income, salary and benefits	GRI 401: Employment	401-1 401-3	99 103
		GRI 202: Market Presence	202-1	
<b>2. ZERO HUNGER</b>  End hunger, achieve food security and improved nutrition and promote sustainable agriculture.	Economic Development in areas of high poverty	GRI 203: Indirect Economic Impacts	203-1	87
<b>3. GOOD HEALTH AND WELL BEING</b>  Ensure healthy lives and promote wellbeing for all at all ages.	Air quality	GRI 305: Emissions	305-1 305-2 305-3	109 109 109
<b>4. QUALITY EDUCATION</b>  Ensure inclusive and quality education for all and promote lifelong learning.	Training and Education	GRI 404: Training and Education	404-3	101
	Scholarship	GRI 203: Indirect Economic Impacts	203-1	87

SDG's	Business Theme	Relevance of GRI Standard		Page
<b>5. GENDER EQUALITY</b>  Achieve gender equality and empower all women and girls.	Equal remuneration for women and men	GRI 406: Non-Discrimination	406-1	96
		GRI 202: Market Presence	202-1	103
<b>6. CLEAN WATER AND SANITATION</b>  Ensure access to water and sanitation sustainable for all.	Water Withdrawal	GRI 303: Water	303-1, 303-3	
	Waste	GRI 306: Waste	306-1, 306-2	
<b>7. AFFORDABLE AND CLEAN ENERGY</b>  Ensure access to affordable, reliable, sustainable and modern energy for all.	Energy Efficiency	GRI 302: Efficiency	302-3, 302-4	

SDG's	Business Theme	Relevance of GRI Standard		Page
<b>8. DECENT WORK AND ECONOMIC GROWTH</b>    Support sustainable economic development, productive employment and decent work for everyone.	Changing productivity from various organizations, sectors, or general economy	GRI 203: Indirect Economic Impacts	203-1	87
	Diversity and equal opportunity	GRI 406: Non-Discrimination	406-1	98
	Income, salary and benefits	GRI 401: Employment	401-1 401-3	99, 100 103
	Economic performance	GRI 203: Indirect Economic Impacts	203-1	87
	Freedom of association and collective agreement	GRI 102: General Disclosure	102-41	98
	Indirect impact on creating employment	GRI 203: Indirect Economic Impacts	203-1	87
	Work supported by the supply chain	GRI 102: General Disclosure 2016 – Supply chain	102-9	45
	Employee relations	GRI 102: General Disclosure – Collective bargaining agreements	102-41	98
	Occupational health and safety	GRI 403: Occupational Health and Safety	102-8	97
	Youth employment	GRI 102: General Disclosure – Information on employees and other workers	417-3	68
	Compliance to regulations	GRI 417: Marketing Communication	419-1	67
		GRI 419 : Compliance	419-1	
<b>9. INNOVATION AND INFRASTRUCTURE</b>    Build resilient infrastructure, promote sustainable industrialization and foster innovation.	Infrastructure Investments	GRI 203: Indirect Economic Impacts	203-1	87
	Economic development in areas of high poverty	Financial Specific Disclosure	FS7	79, 80
<b>10. REDUCED INEQUALITIES</b>    Reduce inequality within and among countries.	Economic development in areas of high poverty	Financial Specific Disclosure	FS1	51, 64
			FS2	77
			FS3	77
			FS6	76
			FS7	79, 80
			FS16	69
			FS16	

SDG's	Business Theme	Relevance of GRI Standard		Page
<b>11. SUSTAINABLE CITIES AND COMMUNITIES</b>  Make cities inclusive, safe, resilient and sustainable.	Infrastructure investments	GRI 203: Indirect Economic Impacts	203-1	87
<b>12. RESPONSIBLE CONSUMPTION AND PRODUCTION</b>  Ensure sustainable consumption and production patterns	Product and service information and labeling	GRI 417: Marketing Communication	417-1 417-2 417-3	68 70 70
<b>13. CLIMATE ACTION</b>  Take urgent action to combat climate change and its impacts.	Energy Efficiency	GRI 302: Efficiency	302-1	108
	Emission	GRI 305: Emission	305-1 305-2 305-3	109 109 109
<b>14. LIFE BELOW WATER</b>  Conserve and sustainably use the oceans, seas and marine resources for sustainable development.				



SDG's	Business Theme	Relevance of GRI Standard		Page
<b>15. LIFE ON LAND</b>    Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	Green Financing	Financial Specific Disclosure	FS1	51, 64
			FS2	77
			FS3	77
			FS4	51, 107
			FS8	77
<b>16. PEACE AND JUSTICE</b>    Promote peaceful and inclusive communities for sustainable development, provide access to justice for all, and build effective, accountable and inclusive institutions at all levels	Anti- Corruption	GRI 205: Anti- Corruption	205-3	58
	Compliance with laws and regulations.	GRI 102: General Disclosure – Value, Principles, Standards, and Norms of Behavior	102-16	5, 58
	Ethical and Legal Behavior	GRI 102: General Disclosure – Value, Principles, Standards, and Norms of Behavior	102-16	5, 58
	Inclusive Decision Making	GRI 102: General Disclosure – Governance, stakeholder engagement, collective bargaining agreement	102-18 102-40 102-41 102-42 102-43 102-44	54 61 98 61 61 61
<b>17. PARTNERSHIPS FOR THE GOALS</b>    Strengthen the means of implementation and revitalize the global partnership for sustainable development.	External Initiative	GRI 102: General Disclosure- External initiatives	102-12	59

# GRI Standards

## Index-Core Option [GRI 102-55]

GRI Standard	Disclosure		Page
	No	Title	
<b>GENERAL DISCLOSURE</b>			
GRI 102: General Disclosure 2016	<b>Organizational Profile</b>		
	102-1	Name of The Organization	34
	102-2	Activities, Brands, Products, and Services	34,35,38
	102-3	Location of Headquarters	34
	102-4	Location of Operations	34
	102-5	Ownership and Legal Form	34
	102-6	Markets served	34
	102-7	Scale of The Organization	44
	102-8	Information on Employees and Other Workers	96-97
	102-9	Supply chain	45
	102-10	Significant Changes to The Organization and Its Supply Chain	27
	102-11	Precautionary Principle or Approach	59, 60
	102-12	External initiatives	59
	102-13	Membership of Associations	35, 60
	<b>Strategy</b>		
	102-14	Statement From Senior Decision-Maker	13, 17
	<b>Ethics and Integrity</b>		
	102-16	Values, Principles, Standards, and Norms of Behavior	5, 58
	102-17	Mechanisms for advice and concerns about ethics	58
	<b>Governance</b>		
	102-18	Governance structure	54
	102-28	Evaluating the highest governance body's performance	55
	<b>Stakeholders Engagement</b>		
	102-40	List of Stakeholder Groups	61
	102-41	Collective Bargaining Agreements	98
	102-42	Identifying and Selecting Stakeholders	61
	102-43	Approach to Stakeholder Engagement	61
	102-44	Key Topics and Concerns Raised	61
<b>About This Report</b>			
102-45	Entities Included in The Consolidated Financial Statements	27,34	
102-46	Defining Report Content and Topic Boundaries	27	
102-47	List of Material Topics	28-30	

GRI Standard	Disclosure		Page
	No	Title	
	102-48	Restatements of Information	27
	102-49	Changes in Reporting	27
	102-50	Reporting Period	27
	102-51	Date of Most Recent Report	27
	102-52	Reporting Cycle	27
	102-53	Contact Point For Questions Regarding The Report	31
	102-54	Claims of Reporting In Accordance With The GRI Standards	26
	102-55	GRI Content Index	116
	102-56	External Assurance	27
<b>SPECIFIC TOPIC DISCLOSURE</b>			
<b>ECONOMIC IMPACTS</b>			
<b>Economic Performance</b>			
GRI 103: Management Approach 2016	103-1	Explanation of The Material Topic and its Boundary	30,102
	103-2	The Management Approach and its Components	75
	103-3	Evaluation of The Management Approach	75, 80
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	80
	201-3	Defined Benefit Plan Obligations and Other Retirement Plans	103
<b>Market Presence</b>			
GRI 103: Management Approach 2016	103-1	Explanation of The Material Topic and its Boundary	30,102
	103-2	The Management Approach and its Components	102
	103-3	Evaluation of The Management Approach	102
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	103
<b>Indirect Economic Impacts</b>			
GRI 103: Management Approach 2016	103-1	Explanation of The Material Topic and its Boundary	30, 84
	103-2	The Management Approach and its Components	84
	103-3	Evaluation of The Management Approach	84
GRI 203: Indirect economic impacts 2016	203-1	Infrastructure investments and services supported	87
<b>Anti-Corruption</b>			
GRI 103: Management Approach 2016	103-1	Explanation of The Material Topic and its Boundary	30
	103-2	The Management Approach and its Components	57-58
	103-3	Evaluation of The Management Approach	57-58
GRI 205: Anti-Corruption 2016	205-3	Confirmed incidents of corruption and actions taken	57-58

GRI Standard	Disclosure		Page
	No	Title	
<b>ENVIRONMENTAL IMPACTS</b>			
<b>Energy</b>			
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	30, 106
	103-2	The management approach and its components	106
	103-3	Evaluation of the management approach	106, 108
GRI 302: Energy 2016	302-1	Energy consumption	108
<b>Emissions</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	30, 106
	103-2	The management approach and its components	106, 108
	103-3	Evaluation of the management approach	108, 109
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	109
	305-2	Indirect (Scope 2) GHG emissions	109
	305-3	Other indirect (Scope 3) GHG emissions	109
<b>SOSIAL IMPACTS</b>			
<b>Employment</b>			
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	30, 96
	103-2	The management approach and its components	96
	103-3	Evaluation of the management approach	96
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	99,100
	401-3	Parental leave	103
<b>Training and Education</b>			
GRI 103 Management Approach 2016	103-1	Explanation of The Material Topic and its Boundary	30, 96
	103-2	The Management Approach and its Components	96
	103-3	Evaluation of The Management Approach	100
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	101
	404-2	Programs for upgrading employee skills and transition assistance programs	102
	404-3	Percentage of Employees Receiving Regular Performance and Career Development Reviews	101
<b>Diversity and Equal Opportunity</b>			
GRI 103 Management Approach 2016	103-1	Explanation of The Material Topic and its Boundary	30, 96
	103-2	The Management Approach and its Components	96
	103-3	Evaluation of The Management Approach	96
GRI 405 Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	97
	405-2	Ratio of basic salary and remuneration of women to men	103

GRI Standard	Disclosure		Page
	No	Title	
	<b>Non-discrimination</b>		
GRI 103 Management Approach 2016	103-1	Explanation of The Material Topic and its Boundary	30, 96
	103-2	The Management Approach and its Components	96
	103-3	Evaluation of The Management Approach	96
GRI 406 Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	96
	<b>Freedom of Association and Collective Bargaining</b>		
GRI 103 Management Approach 2016	103-1	Explanation of The Material Topic and its Boundary	30, 96
	103-2	The Management Approach and its Components	96
	103-3	Evaluation of The Management Approach	98
GRI 407 Freedom of Association 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	98
	<b>Human Right Assessment</b>		
GRI 103 Management Approach 2016	103-1	Explanation of The Material Topic and its Boundary	30, 96
	103-2	The Management Approach and its Components	96
	103-3	Evaluation of The Management Approach	102
GRI 412: Human Right Assessment 2016	412-2	Employee training on human right policies or procedures	102
	<b>Local Communities</b>		
GRI 103 Management Approach 2016	103-1	Explanation of The Material Topic and its Boundary	30, 84
	103-2	The Management Approach and its Components	84
	103-3	Evaluation of The Management Approach	84
GRI 413: Local Communities 2016	413-1	Operations with Local Community Engagement, Impact Assessments and Development Programs	84
	413-2	Operations with significant actual and potential negative impacts on local communities	85
	<b>Marketing and Labeling Product</b>		
GRI 103 Management Approach 2016	103-1	Explanation of The Material Topic and its Boundary	30, 64
	103-2	The Management Approach and its Components	64
	103-3	Evaluation of The Management Approach	64, 69
GRI 417: Marketing and Labeling Product 2016	417-1	Requirements for product and service information and labeling	68
	417-2	Incidents of non-compliance concerning product and service information and labeling	70
	417-3	Incidents of non-compliance concerning marketing communications	70
	<b>Customer Privacy</b>		

GRI Standard	Disclosure		Page
	No	Title	
GRI 103 Management Approach 2016	103-1	Explanation of The Material Topic and its Boundary	30, 64
	103-2	The Management Approach and its Components	64
	103-3	Evaluation of The Management Approach	64, 69
GRI 418 Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	70
<b>Socioeconomic Compliance</b>			
GRI 103 Management Approach 2016	103-1	Explanation of The Material Topic and its Boundary	30, 64
	103-2	The Management Approach and its Components	64
	103-3	Evaluation of The Management Approach	64, 69
419 Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	67
<b>Green Funding / Green Lending</b>			
GRI Disclosure Financial Specific 2016	103-1	Explanation of The Material Topic and its Boundary	30, 50
	103-2	The Management Approach and its Components	50
	103-3	Evaluation of The Management Approach	50
	FS1	Policies with specific environmental and social components applied to business lines	51, 64
	FS2	Procedures for assessing and screening environmental and social risks in business lines	77
	FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	77
	FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	51, 107
	FS6	Percentage of the Portfolio for Business Lines by Specific Region, Size (E.G. Micro/SME/Large) and by Sector	76
	FS7	Monetary Value of Products and services designed to deliver a specific social benefit for each business line broken down by purpose	79, 80
	FS8	monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	77
	FS14	initiatives to improve access to financial services for Disadvantaged people	69
	FS15	Policies for the fair design and sale of financial products and services	66, 78, 79
	FS16	Initiatives to enhance financial literacy by type of beneficiary	69



# Reference Index

## OJK Regulation No. 51

No	Bank BTPN Sustainability Report Contains Information on:	Page
<b>1.</b>	<b>Sustainability Strategy Description</b>	51
<b>2.</b>	<b>An overview of the sustainability performance aspect</b>	
	a. Economic Aspect	
	1) Quantity of production or services sold	34, 44
	2) Income or Sales	6
	3) Net Profit or Loss;	6
	4) Environmentally friendly product	7
	5) Local party engagement concerning Sustainable Finance business process.	6
	b. Environmental Aspect	
	1) The use of energy (e.g. electricity and water);	108
	2) Reduced emissions realized;	109
	3) Waste and effluent reduction;	n.a
	4) Conservation of biodiversity.	n.a
	c. A description of the positive and negative impacts of Sustainable Finance on communities and the environment	50-51, 77-79, 84-93 107
<b>3.</b>	<b>Brief Profile</b>	
	a. Vision, Mission, and Values of Sustainability	4-5
	b. Name, address, telephone number, facsimile number, e-mail address, and website of financial service institutions, issuers, and public companies, as well as branches and/or representative offices	34
	c. Business Scale	
	1) Total Assets or Asset Capitalization, and Total Liabilities	44
	2) Number of Employees	44
	3) Percentage of ownership of shares	34
	4) Operational Areas	34
	d. A brief description of the products, services and business activities performed;	34, 38-41
	e. Membership in associations;	35, 60
	f. Significant changes, including those related to the closing or opening of a branch, and the structure of ownership.	n.a
<b>4.</b>		
	a. Policies to respond to challenges in achieving a sustainability strategy, including at least:	13-14,18
	1) Explanation of the value of sustainability for the company;	18
	2) A description of the company's response to the issue of Sustainable Finance;	18-19
	3) Description of the commitment made by financial service institution, issuer, and public company in the Sustainable Finance;	19-20
	4) Achievement of performance in a Sustainable Finance;	18
	5) Challenges to achieving Sustainable Finance.	

No	Bank BTPN Sustainability Report Contains Information on:	Page
	b. Sustainable Finance; includes at least:	
	1) Performance achievements in Sustainable Finance (economic, social and environmental) compared to targets;	19-20
	2) Explanations of performance and challenges including significant events during reporting period (For financial service institutions required to make a Sustainable Finance action plan).	8-10
	c. The target achievement strategy, includes at least:	
	1) Risk management in Sustainable Finance related to economic, social, and environmental aspects	22, 59
	2) Seizing of business opportunities and prospects;	20-21
	3) Explanations of external economy, social, and environment situations that potentially influence the sustainability of financial service institution, issuer, and public company.	14-74
<b>5.</b>		
	a. Description of the duties of the Board of Directors and the Board of Commissioners, employees, officers and/or work units responsible for Sustainable Finance.	55, 56
	b. Description of the competency development conducted for the Board of Directors and the Board of Commissioners, employees, officers and/or work units responsible for Sustainable Finance.	55, 56
	c. Descriptions of the procedures of financial service institution, issuer, and public company in identifying, measuring, monitoring and controlling the risks for Sustainable Financial application in economic, social and environmental aspects, including the role of the Board of Commissioners and the Board of Commissioners in managing, conducting periodic analysis and reviewing the effectiveness of the risk management process of the financial service institution, issuer and public company.	59
	d. Descriptions of stakeholders, including:	
	1) Stakeholders engagement based on the results of assessment, general meetings of shareholders, decision or others;	61
	2) Approaches adopted by the financial service institution, the issuer and the public company to involve stakeholders in Sustainable Finance, such as forms of dialog, surveys and seminars.	61-62
	e. Problems faced, their development and impacts on sustainable Finance.	51
<b>6.</b>		
	a. A description on the activity of building a culture of sustainability within the financial service institution, issuer, and public company.	65
	b. A description of the economic performance of the past 3 (three) years, including:	
	1) Comparison of goals and performance of production, portfolio, financing target, or investment, revenue and profit-loss in the case that Sustainability Report is separate from Annual Report;	76
	2) Comparison of the target and performance of the portfolio, financing target, or investments in financial or project instruments that are consistent with Sustainable Finance.	76

No	Bank BTPN Sustainability Report Contains Information on:	Page
	c. Social performance in the past 3 (three) years:	
	1) Commitment of financial service institution, issuer or public company to provision of products and/or equivalent services to its consumers.	63
	2) Labor, containing at least:	
	a. Statement of equal work opportunities and whether or not there is forced labor and child labor;	96, 99
	b. Percentage of permanent staff remuneration at lowest level compared to the minimum regional wages;	103
	c. A decent, safe work environment;	98
	d. Training and development of employee competencies.	100
	3) Community, containing at least:	
	a. Information of activities or operational areas which have positive and negative impacts on the community including financial literacy and inclusion;	68-69
	b. Community complaint mechanisms and number of community complaints received and followed up;	70
	c. Corporate Social and Environmental Responsibility that can be linked to the support for sustainable development goals, consisting of type and implementation of community empowerment program.	83-85
	d. The Environmental Performance of financial service institution, issuer, and public company, containing at least:	
	1) Environmental costs incurred;	n.a
	2) Description regarding the use of environmentally friendly material, e.g. use of the recycled material;	n.a
	3) Description on energy use, least contains:	
	a. Amount and intensity of energy used;	108
	b. Efforts and achievements of the energy efficiency undertaken including the use of renewable energy sources;	n.a
	e. Responsibility of Sustainable Financial Products and/or Services	
	1) Innovation and development of products and/or services;	64-67
	2) Amount and percentage of products and services that have been evaluated for security for customers;	68
	3) Positive impact and negative impacts of the Product and/or Services and distribution process, as well as mitigation made to the negative impacts;	64-68
	4) Number of withdrawn products and the reasons;	n.a
	5) Customer satisfaction survey.	70
<b>7.</b>	<b>Written Verification From Independent Parties, If Available</b>	<b>110</b>

# Feedback Sheet

Dear Stakeholders, we would like to ask for your feedback on our Sustainability Report by sending us an email or this form through fax/mail.

## Your profile

Name : \_\_\_\_\_  
Institution/Company : \_\_\_\_\_  
Phone/mobile : \_\_\_\_\_

Stakeholder group (check as applicable):

- Government
- Industry
- Educational institution
- General Public
- Media
- NGO
- Company
- Other, please specify...

Please select the best response:

1. This report is useful for you:
  - a. Strongly agree
  - b. Agree
  - c. Neutral
  - d. Disagree
  - e. Strongly disagree
2. This report already reflects the Company's performance in sustainable development:
  - a. Strongly agree
  - b. Agree
  - c. Neutral
  - d. Disagree
  - e. Strongly disagree
3. This report is easy to understand:
  - a. Strongly agree
  - b. Agree
  - c. Neutral
  - d. Disagree
  - e. Strongly disagree

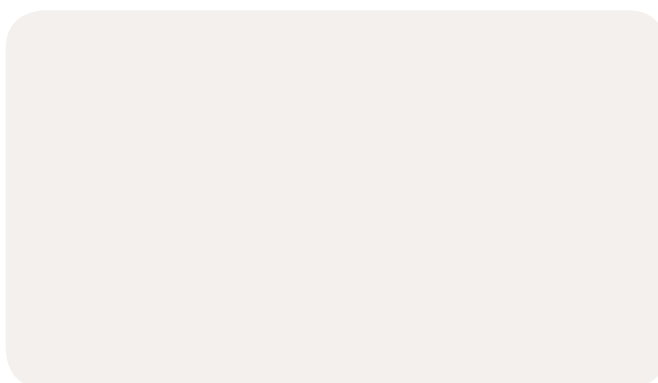
4. This report is interesting:

- a. Strongly agree
- b. Agree
- c. Neutral
- d. Disagree
- e. Strongly disagree

5. This report builds your trust in the Company's sustainability:

- a. Strongly agree
- b. Agree
- c. Neutral
- d. Disagree
- e. Strongly disagree

Please provide your feedback regarding this report:



## Communications & Daya Division

### PT BANK BTPN Tbk

Menara BTPN, CBD Mega Kuningan

Jl. Dr. Ide Anak Agung Gde Agung Kav. 5.5-5.6

Jakarta Selatan - 12950 - Indonesia

Tel. : (62-21) 300 26 200

Fax. : (62-21) 300 26 309

Website : [www.btpn.com](http://www.btpn.com)

Email : [corporate.communications@btpn.com](mailto:corporate.communications@btpn.com)

Linked in: PT Bank BTPN Tbk

Sustainability  
Report  
2019



# More Empowered To Support Sustainability

**PT BANK BTPN Tbk**

Menara BTPN

CBD Mega Kuningan

Jl. Dr. Ide Anak Agung Gde Agung Kav 5.5 - 5.6

South Jakarta 12950

Phone : +62 21 300 26 200

Fax : +62 21 300 26 309

[www.btpn.com](http://www.btpn.com)



This report is printed on Forest Stewardship Council (FSC) certified recycled paper