

RESPONSIBILITY TO THE ENVIRONMENT



In conjunction with the application of sustainability principles, in a broader sense, the Company is committed to environmental preservation for future generations by minimizing negative impacts on the environment. Internally, the Company focuses on creating a healthy work environment through environmentally sound policies and initiatives.

Policies

The Company's policies regarding environmental management and protection refer to Law No. 32 of 2009 regarding the Environmental Protection and Management manifested in the Company's appeals, declarations and regulations to minimize the harmful impact of the Company's operations on the environment. The Company's policies regarding

the environment serve as guidelines in carrying out operational activities that are increasingly more environmentally friendly.

The Company is fully aware of its role as a Bank that provides loan/capital to customers and also as a development agent that participates in fostering a sustainable development, including to maintain environmental sustainability. In addition, the Company also focuses on environmentally friendly lending by adhering to the Company's Commercial Credit Facility Guidelines. In the guidelines, there are credit requirements that require documents on Effort for Environmental Feasibility/Environmental Management Efforts (UKL/UPL) and/or Environmental Impact Assessment (AMDAL). This is an arrangement



of the implementation of the Bank's compliance with Law No. 32 of 2009 regarding Environmental Protection and Management. The Environmental Policy is a guideline for the Company in carrying out operational endeavors that are increasingly environmentally friendly.

Target Activities

The Company's CSR program in the field of the environment is carried out as a form of the Company's participation towards sustainable finance. The Company has set the target of environmental management in accordance with the Bank's Business Plan (RBB) and in agreement with sustainable financial principles as stated in the Financial Services Authority Regulation No. 51/POJK.03/2017 regarding the Implementation of Sustainable Finance for Financial Service Institutions, Issuers and Public Companies.

In addition, other Company targets are managing and coordinating the Company's operational activities by implementing green banking, enforced by Bank Indonesia through environmentally friendly operations and lending strategies. In green banking, the Company deliberates the environmental aspects of providing loans to customers, where customers are required to submit an AMDAL feasibility study as one of the conditions for credit approval by the Company. This aims to build strategic synergies which in turn raises Company efficiency and effectiveness.

In other instances, the Company fulfills its commitments on environmental conservation at the head office by reducing electricity consumption and cutting down on emissions.

Activities and Quantitative Impacts

Throughout 2018, the Company has implemented policies and achieved targets that has been set in the environmental management and preservation through various activities that have positive impacts, both held at the head office and in its business activities.

KARANGANYAR TOURISM VILLAGE AND VILLAGE ECONOMIC CENTER HOMESTAY FOSTERED BY BANK BTN

Karanganyar Village consists of 4 hamlets totaling 700 households. One of the special skills possessed by the residents of Karanganyar Village is pottery production. This craft was handed down by their ancestors to the current generation. In the past, production of pottery was done with simple tools and the pottery produced was only limited to cooking utensils. Nowadays, the pottery produced varies, from cooking utensils to souvenirs. In the past, it was arguably reported that every household in the village pursued pottery. At present, there are only 85 villagers left in pottery crafting. Karanganyar village is famous for its good quality clay and earthenware production is the most popular livelihood for the residents to pursue.

At present, pottery crafting by some of the Karanganyar villagers is projected to improve the economy both individually and the village economy in general. To reinforce this, the Company collaborated with Karanganyar Village stakeholders to transform Karanganyar Village, as the Company Patronage, by building facilities and infrastructure for residents i.e. the Construction of the Karanganyar Village Economic Center (Balkondes Karanganyar). Aside from being a center to improve the economy, Balkondes is envisaged to ensure preservation of the traditional pottery production culture and make it a tourism icon in the vicinity of Borobudur Temple.

The presence of Balkondes has created a positive economic bearing on the economy of the of Karanganyar village, i.e. the development of skills for pottery craftsmen through coaching and training as well as increasing economic income for the people of Karanganyar Village.

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“Turning clay into saleable, esthetic pottery in Balkondes Karanganyar”

Balkondes Karanganyar is located not far from the Indonesian heritage Borobudur Temple tourism complex, recognized by UNESCO. It is an impressive nature tourism site with a blend of Mount Menoreh natural attractions with an inherent rural atmosphere and highly artistic pottery crafts. Balkondes Karanganyar is independently established under the name Pottery Academy, where local and foreign visitors can learn about the art of clay processing into high-value works of art.

The benefits of Balkondes Karanganyar for the community are as follow:

1. Village economy surges.
2. Educational tourism for the art of pottery.
3. Attraction for local and foreign tourists.
4. Tourist attractions of natural scenery and village tranquility.

Green Banking Application

Environmentally Friendly Financing

In agreement with Bank Indonesia’s green banking policies and participating in a sustainable finance, the Company consistently sets out rules and policies that enforces effective implementation of sustainable finance. This is realized through training to expand employee understanding of environmental analysis, conducted both in-house and externally. The training outcomes are then disseminated to the credit team to be applied in the credit approval procedures.

The Company has the initiative to instigate a green finance product (the Company’s products that heed environmental, social, and governance aspects). One consistent endeavor is the provision of loans. The Company has enacted a policy related to environmentally friendly loans by not disbursing loans to customers who do not comply with the Environmental Impact Analysis (AMDAL). In which , even for customers who have included the results of the AMDAL, the Company will still check for validation.

Digital Banking for Paper Savings (Paperless)

Through digital banking, the Company has reduced paper usage at branch offices by encouraging customers to make transactions via electronic channel services. In 2018, the number of electronic channel transactions rose to 14,436,252 compared to 1,222,057 transactions at teller counters.

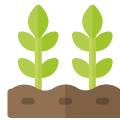
From a business operational perspective, the Company saves on paper by means of iflow application, such as correspondence applications across divisions and/or branches that are structured in distribution. In addition to having advantages in distributing structured correspondence, this application has other benefits including swift mail distribution, delivered document and letter monitoring, as well as significantly reduces the need for printing.

In addition, the Company’s commitment to save on paper is further intensified by reusing old or pre-used paper, streamlining telephone billing or directly utilizing information technology applications that support mobile, paperless, historical records, and parameterized applications, 2-sided printing, e-mails, and Smart Branch initiatives by not using deposit slips, and maximizing digitalization.

Energy Saving and Emission Reduction

Throughout 2018, the Company enacted various initiatives to cut down on electricity use, assisting the Company in reducing greenhouse gas emissions. The initiatives include:

1. Dissemination of information to all employees regarding the importance of turning off lights and other electronic equipment after working hours;
2. Activating the BAS (Building Automation System) that can turn off and turn on lights automatically based lighting zoning;
3. Using solar power for water heaters;
4. Replacing coolant/room temperature regulator Freon synthetic refrigerant with more environmentally friendly refrigerants such as R-32, R134A and R410;
5. Replacing damaged cooling/temperature regulators or procuring a new AC unit of Inverter type;
6. Replacing conventional lamps with Light Emitting Diode (LED) lamps;
7. Using the Videotron LED system for advertising media;
8. Modernizing 10 elevators by upgrading their system control with the latest models that are more efficient in electricity consumption;
9. Reducing the frequency of face-to-face meetings and prioritizing meetings through teleconference. This can reduce the use of fuel oil (BBM) which is used for transportation of meeting participants;
10. Rejuvenating Company vehicles to be more environmentally friendly;



11. Advising employees to use public transportation to and from work. Obligating operational vehicles to use high-octane fuel that is more environmentally friendly in accordance with the policy of the Government of the Republic of Indonesia which requires state-owned operational vehicles to use non-subsidized fuel. Through memo number 1836/M/PGSD/GS/XI/2013 dated November 6, 2013, the Procurement and General Service Division delivered memos to Regional Offices, Branch Offices and Sharia Branch Offices regarding the prohibition on using RON 88 fuel oil (gasoline) for operational vehicles of the Company; and

12. Earth Hour 2018 Participation

The Company participated in saving electricity consumption on the last Saturday of the month for one hour during the Earth Hour event on March 24, 2018. This is a campaign to build an environmentally friendly culture and an effort to change lifestyles by reducing ecological footprint and greenhouse gas emissions for the sake of environmental preservation.

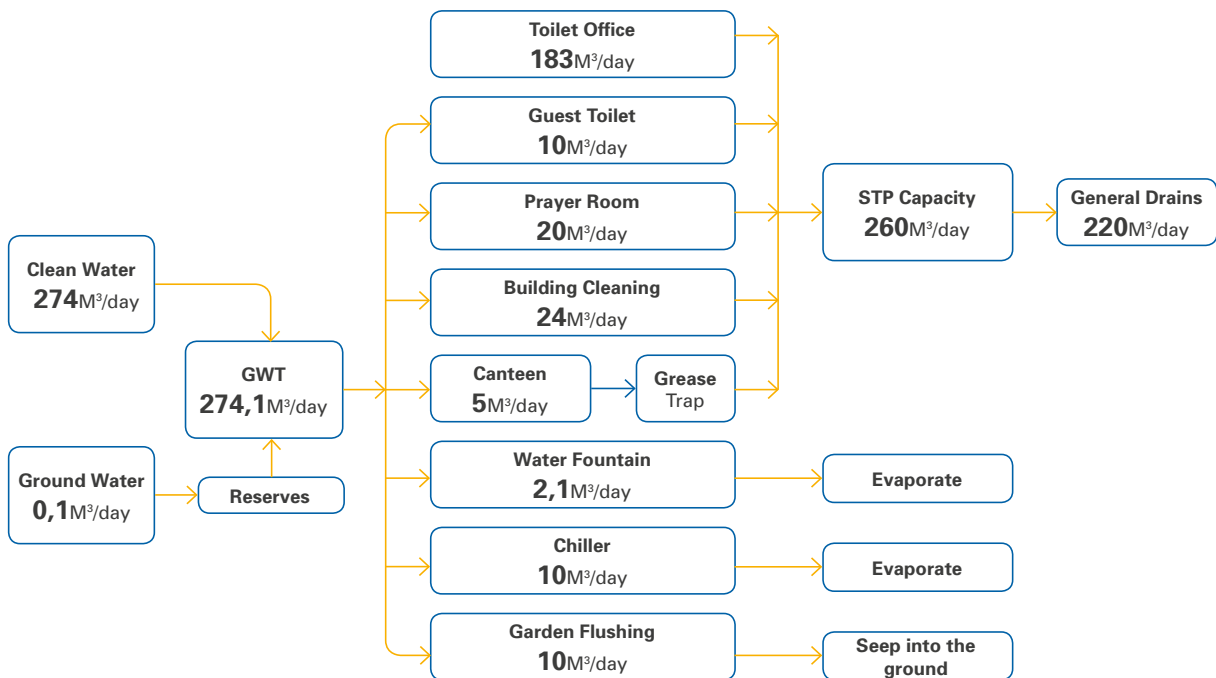
As a result of the austerity effort, in 2018, the Company's electricity consumption at Head Office was around 1,310,630 kWh. This amount is slightly lower compared to the previous year.

Water usage

The Company reduces water usage by consuming water as needed and encourages all employees to turn off water taps when not needed. Moreover, the Company also recycles water for various purposes, such as watering plants and routinely controls plumbing and faucets in an effort to avoid waste and water leakage.

The company prioritizes the use of municipal water as the main water source in accordance with the Regional Regulation concerning the use of ground water. The Company took the initiative to construct a waste water treatment plant with a capacity of 260 m³/day with current output reaching 220 m³/day in accord with the Wastewater Disposal Permit issued on July 19, 2018. The resulting wastewater is processed via STP (Sewage Treatment Plan) so that it does not harm the environment and has obtained a Waste Water Disposal Permit (IPAL) from the relevant establishment. All of the above are the Company's efforts to ensure efficient use of clean water, maintenance, and water disposal. Furthermore, the Company also regulates water bills for efficiency in the BTN Tower Building, with the balance of clean water usage as follows:

SCHEME OF CLEAN WATER USE



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As a result, in 2018, the amount of Head Office water usage was 537 m³, up from 2017. This upsurge was due to the addition of man power and water reservoir draining. Despite this increase in water use, the Company remains committed to saving water, in particular at Head Office.

Tabel of Ground Water

Tahun	Ground Water			
	SAP 02 (556)		SAP 03 (628)	
	M ³	Rp	M ³	Rp
2018	421	7,221,728	158	2,672,759
2017	40	676,647	131	2,258,145

Table of Clean (PDAM) Water

Tahun	Clean (PDAM) Water	
	M ³	Rp
2018	97,859	1,229,932,290.-
2017	97,370	1,224,171,380.-

Waste Management

Companies engaged in the banking industry produce waste in the form of plastic, paper and waste water. This waste is not categorized as Hazardous and Toxic Waste (B3) based on the provisions of the Ministry of Environment of the Republic of Indonesia. However, the Company processes waste water through a STP (Sewage Treatment Plan) which is managed in collaboration with third parties in accordance with environmental management standards so as not to endanger the environment. In addition, the Company has a hazardous waste storage (B3) facility on its premises with a capacity of 104.5 kg.

Throughout 2018, the Company routinely monitored waste water at the Head Office every three months. With this monitoring system, the Company can make certain that the discarded water has met the quality standards in accordance with the Jakarta Capital City Governor's Regulation No. 122 of 2005 concerning the management of domestic wastewater in the Special Capital Region of Jakarta so as not to pollute the environment.



The description of waste management produced by the Company in the last three years is as follows:

NO	Type of Hazardous Waste (B3)	Treatment	2016	2017	2018
1	Building Waste (Waste Food, General Waste, Beverages, Paper, Cardboard)	Produced	43,200 kg	38,400 kg	28,800 kg
		Stored at TPS	0	0	0
		Submitted to Authorized Third Parties Licensed	Yes	Yes	Yes
2	Waste Oil	Produced	50 kg	120 kg	20 kg
		Stored at TPS	0	0	0
		Submitted to Authorized Third Parties Licensed	Yes	Yes	Yes
3	Used Batteries	Produced	50 kg	20 kg	60 kg
		Stored at TPS	0	0	0
		Submitted to Authorized Third Parties Licensed	Yes	Yes	Yes
4	lighting (TL lamps, PLC, Ballast, Cable)	Produced	10 kg	10 kg	4.4 kg
		Stored at TPS	0	0	0
		Submitted to Authorized Third Parties Licensed	Yes	Yes	Yes
5	Freon Tube Waste	Produced	15 kg	10 kg	20 kg
		Stored at TPS	0	0	0
		Submitted to Authorized Third Parties Licensed	Yes	Yes	Yes

Green BTN

Green BTN is a manifestation of the Company's real effort to enhance environmental preservation. The BTN Green activities include reforestation by planting trees around the Company's work area. In addition, in housing development, the Company always stipulates that every house built has a green area which must be planted with at least one tree per house.

Environmental Problem Complaints Mechanism

The Company is always open to complaints from the public regarding environmental impacts that may arise due the Company's operations. The mechanism for complaints of environmental problems can be submitted to the Company by sending an environmental complaint report about the area surrounding the BTN Tower through an official letter. During 2018, the Company received no complaints regarding environmental issues nor was it subjected to fines and/or sanctions for non-compliance with laws and environmental regulations.

Environmental Certification

Until the end of 2018, the Company had not received any certification regarding the environment.

Implementation Cost

In 2018, the Company outlaid Rp72.94 million in management and preservation of the environment. The cost of managing STP (Sewage Treatment Plan) and waste management in 2018 amounted to Rp150.30 million.