

Strengthening Environmental Friendly Financing —

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

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

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

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

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

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

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

The Company's Commitment to Environmental Preservation

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

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

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

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

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

Green Office in Head Office

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

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

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

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

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

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

Digital Banking for Paper Saving (Paperless)

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

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

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

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

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

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

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

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

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

Energy Management

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

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

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

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

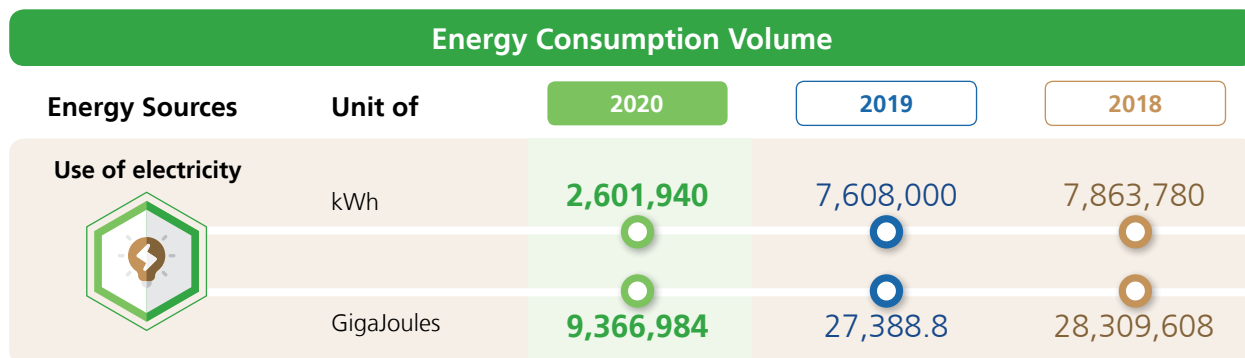
Chiller Operation Schedule	Number of Chillers in operation
Chiller turns on at 06.00 WIB	2 units
Chiller turns on at 06.30 WIB	3 units
Chiller turns on at 07.00 WIB	4 units
Chiller turns on at 07.30 WIB	5 units
Chiller turns off at 14.00 WIB	1 Unit
Chiller turns off at 16.00 WIB	1 Unit
Chiller turns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

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

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

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

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



*) 1 kWh = 0,0036 GJ

Water Management

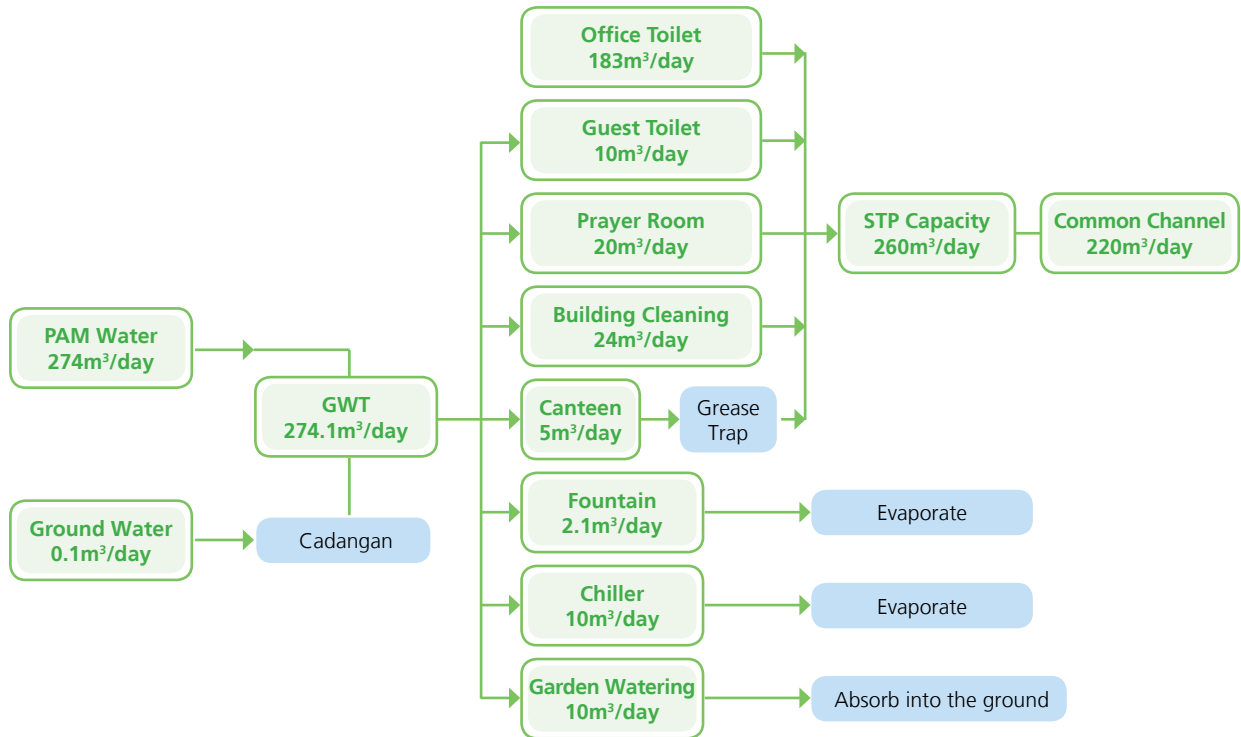
Besides energy, water is one of the vital needs for the Company. Water is used for various internal needs, such as ablution, rinse water in toilets, watering plants, filling pond fountains, and so on. Water needs are mostly supplied by PDAM, and some are taken from deep wells. The use of water in this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

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

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

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

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



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

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

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

*Restated

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

Emission Management

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

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

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

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

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

Waste and Wastewater Management

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

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

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

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

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

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

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

Environmental Costs

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

Environmental Compliance

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

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