

Corporate Social Responsibility Related to Social Community Development —

Commitment and Corporate Social Responsibility Policy in the Field of Social Community Development

The Company was committed to participating in sustainable economic development in order to improve the quality of life and a beneficial environment for the Company itself, the local community, and society in general. This program was implemented based on Law Number 40 of 2007 concerning Limited Liability Companies and Law No. 1 of 2013. The meaning of implementing CSR for the Company was as follows:

- a. CSR became the Company's commitment in the form of a written statement and allocation of the Company resources.
- b. CSR contributed to sustainable development, namely development that met the needs of the present generation without compromising the ability of future generations to meet their needs.
- c. CSR aimed to improve the quality of life, namely the condition of meeting the basic needs of humans or society to live properly.
- d. CSR activities were aimed at stakeholders, namely all parties affected by and or influencing the Company's performance, either directly or indirectly, the community around the Company Office and the wider community.

Social Issues Relevant to the Company

The existence of the Company had to bring a positive impact on improving the welfare of the community. The implementation of CSR meant that the Company ensured commercial success in ways that respect ethical values and respect for society and the environment. The company as a company that benefits from the community had to pay attention to good relations with the surrounding community and other general public. The purpose of corporate social responsibility (CSR) referred to the activities carried out by the Company that not only pay attention to economic performance, but must also pay attention to social performance. With the existence of CSR, the Company could contribute in overcoming problems faced by the community in the religious, social, economic and cultural fields. This contribution would in turn open up wider opportunities for the Company to market its products to the public as well as increase employee productivity.

Social Risk Managed by the Company

In the implementation of social responsibility with the most social aspects, the Company was aware of the possibility of various risks it faced. One of them was related to the negative impact caused by the decision to provide credit/ financing. This risk could lead to direct financial impacts such as an increase in non-performing loans (NPL) caused by the inability to comply with loan agreements. In addition, the Company had to also consider ESG risks that arise as a consequence of financing.

Scope and Formulation of Social Responsibilities for Community Social Development

The scope and formulation of social responsibility in the field of society was in terms of contributing to society. The Company implemented various contribution programs to sustainable development. The purpose of implementing these programs was to improve the quality of life, namely the condition of meeting the basic needs of humans or society for a decent life. This CSR activity was aimed at all parties affected by and or affecting the performance of the Bank, either directly or indirectly, the community around the Company Office and the wider community.

Target/Plan of Corporate Social Responsibility Activities in the Field of Social Community Development

The Company determined a work plan in the implementation of social responsibility related to the community. The implemented programs included the Community Development Program, the Financial Education and Literacy Program and the Partnership and Community Development Program.

Activities and Impact of Corporate Social Responsibility in the Field of Social Community Development

CSR Main Activities

The Company's active role in making contributions to society is carried out through the CSR Program. In 2018, the Company will continue the BTN Lingkungan Harmony program which aims to educate the community in an integrated manner through several trainings and/or education as well as assistance to the community as a basis for integrated development program. There are nine main activities that are the focus of community development programs, namely Program Sejahtera BTN, Religi BTN, Hijau BTN, Bugar BTN, Sehat BTN, Cerdas BTN, Bersih BTN, Peduli BTN and Kemitraan BTN.

Development Financing of Oriented Development Transit (TOD)

The development of the city encouraged the growth of residential clusters which were expected to be integrated with mass transportation services as expected by the government program so that people could carry out activities more efficiently and were more environmentally friendly. In 2020, the Company distributed financing for the construction of Transit Oriented Development (TOD) at KAI Cisauk Station and East Bekasi LRT Station, where this contributed to reducing emissions from the use of private vehicles which have an impact on reducing pollution and congestion levels in Jakarta.

TOD Name	Developer	Location	Total Unit	Loan Value
KAI Cisauk	PT Adhi Commuter Properti	Stasiun KAI Cisauk	532	+/- 107,000,000,000
Stasiun LRT Bekasi Timur	PT Adhi Commuter Properti	Stasiun LRT Bekasi Timur	734	+/- 180,000,000,000

TJSL for Sustainable Home Development/Renovation

The Company participated in improving the economy and standard of living of the community by carrying out renovation activities for 5 homestay units located on Rinca Island, East Nusa Tenggara, renovating 15 units of Healthy Homes located in West Bandung Regency, Bandung and the electrification program of 400 housing units for the community could not afford in Malacca District, East Nusa Tenggara. The TJSL budget to support Sustainable Finance reached IDR 699,000,000.

Financing for Micro, Small and Medium Enterprises

As a form of commitment to the Principles of Sustainable Finance, namely responsible investment and financial inclusion, the Company sought to encourage credit for social welfare, economic improvement, independence, and environmental quality. The principle of social and environmental risk management remained the main basis for the Company in channeling credit and financing, in which Bank BTN was actively supervising and monitoring environmental problems by activities that had access to financing from the Company.

Improved Access to Banking Financial Services in District Areas

As a form of developing financial inclusion and encouraging banking access for people in disadvantaged areas, the Company opened access to banking financial services at 19 points spread across Indonesia. 19 access to financial services had been opened in various districts and cities, namely Bondowoso, Situbondo, Bangkalan, Sampang, Pandeglang, West Lombok, Central Lombok, East Lombok, Sumbawa, Kupang, Ketapang, Sintang, North Gorontalo, Middle Mamuju, Sorong, Gunung Sitoli, Solok, Morowali and Bima

Use of Local Labor and Suppliers

The Company constantly strives to carry out CSR agendas that provide benefits and direct empowerment to the community. Thus, the Company recruits local workers for its operations and cooperates with local suppliers for goods and services as short- and long-term partners, particularly with construction companies promoting the Million Housing Program. In selecting sustainable local suppliers, the Company prioritizes local Indonesian suppliers. In addition to reducing overhead costs, it aims to promote domestic companies.

Financial Education and Literacy Program

The Banking Financial Literacy and Education Program is implementation of directive from Bank Indonesia and the Financial Services Authority (OJK) in disseminating banking knowledge to the public. To support this Program, the Company organized educational sessions for the community in increasing community knowledge and skills in managing financial resources (financial literacy) for improved welfare, including:

1. Smart Branch Education in the "Students Get to Know the Archipelago" Program
2. BTN Zone
3. Taman Bacaan Sekolah (School Mini Library)

Partnership and Community Development Program

Partnership Program

The Company's commitment to social and community development is to improve the ability of small businesses to become resilient and independent through Company lending. The objective is to select prospective fostered partners to fulfil banking requirements, and motivate them to become resilient and independent entrepreneurs. The Company hopes that the allocated loans can expand small businesses and cultivate maximum usability.

In 2020, the Company distributed a Partnership Program of IDR 23.51 billion to 319 fostered partners divided into 8 (eight) sectors including the fisheries, plantations, agriculture, livestock, industry, service business, trade, and grant sectors (in the form of Development Funds and grants to Special SOEs (PT PNM)). The realization of the distribution of Partnership Program funds in 2020 was as follows:

Table of Realization of Partnership Program Fund Distribution by Business Sector in 2020

Business Sector	Number of Debtors	Realization (Million IDR)
Trade Business Sector	231	9,419
Service Business Sector	56	2,711
Livestock Business Sector	22	818
Industry Sector	4	270
Agriculture Business Sector	3	125
Fisheries Business Sector	2	80
Plantations Business Sector	1	50
Hibah (Development Fund and Special BUMN)	-	10,031
Total	319	23,505

Table of Realization of Distribution of Partnership Program Funds Based on the Distribution of the Company's Regional Offices in 2020

Business Sector	Number of Debtors	Realization (Million IDR)
Bali	2	60
Bangka Belitung	6	160
Banten	28	1,030
Bengkulu	5	180
DI Yogyakarta	4	260
DKI Jakarta	32	12,229
Gorontalo	1	17
Jambi	5	260
West Java	47	2,129
Central Java	28	1,268
East Java	62	2,664
West Kalimantan	4	70
South Kalimantan	13	545
Central Kalimantan	6	165
East Kalimantan	8	233
Kepulauan Riau	4	195
Lampung	2	140
Maluku	5	85
Maluku Utara	8	200
Nanggroe Aceh Darussalam	0	-
Nusa Tenggara Barat	12	290
Nusa Tenggara Timur	8	235
Papua	4	138
Riau	2	34
South Sulawesi	4	145
Central Sulawesi	4	130
Southeast Sulawesi	1	150
North Sulawesi	1	15
West Sumatra	3	99
South Sumatra	4	180
North Sumatra	6	199
Total	319	23,505

Community Development Program

The Company's Community Development Program aims to assist communities in the vicinity of the Company's operations, both Head Office and Branch Offices. In 2020, the actual distribution of Community Development Program funds amounted to IDR8,357,159,575 to communities in 34 Provinces through 6 (six) working areas of the Company.

The Community Development program funds were channeled through various sectors including education and training, public facilities, religious facilities, health and social communities in poverty alleviation. The following is the actual distribution of funds for the Community Development Program in 2020.

Table of Realization of Community Development Program Distribution by Field of Activity in 2020

Activities	Disbursement (Rp Billion)
Natural disaster	2,221
Education and/or Training	715
Health Improvement	2,291
Infrastructure and/or Public Facilities Development	601
Places of worship	1,436
Environmental Conversation	151
Community Social Assistance in Poverty Alleviation, including:	939
1. Electrification of areas without electricity	
2. Provision of clean water	
3. Provision of toilet facilities for washing latrines	
4. Educational, training, apprenticeship, promotion and other assistance related to increasing the economic independence of small businesses in addition to the Fostered Partners Development Partnership Program	
5. Housing renovation for the under privileged	
6. Nursery assistance for agriculture, livestock and fisheries	
7. Business tools assistance	
Total	8,357

Costs Spent Relating to Social Responsibility in the Field of Social Community Development

The Company's CSR fund budget is determined in the Company's budget work plan with due regard to aspects of appropriateness and fairness. In 2020, the Company has spent funds for the CSR program amounting to IDR 18,225,680,752, - which has been distributed to various fields of activity including; economy, education, health, facilities and infrastructure, cultural arts and religious activities.

Table of the Company's CSR Fund Budget for 2020

Activities	Disbursement (Rp Billion)		
	2020	2019	2018
Economy	2,642	662	1,456
Arts and Culture	-	63	100
Sports	-	-	149
Education	3,813	2,304	1,047
Health	5,241	-	204
Public Facilities	5,803	2,952	
Religious	557	946	
Nature Conservation	167	15	6
Total	18,225	6,942	5,180