

Sustainability Report

PT. Bumiputera-BOT Finance

2020

I. Introduction

In 2020, it was the first year for PT. Bumiputera-BOT Finance (hereinafter referred to the Company) to implement sustainable finance. As one of the finance companies that focuses on investment financing, the Company has done financing to environmentally friendly products, such as Compressed Natural Gas (CNG), LED lamp and energy efficient Air Conditioners (AC). Although 2020 was a tough year, the Company continued to strive to implement sustainable finance according to Company's conditions and capacity due to pandemic.

By this sustainable report, Management will provide information about the sustainable finance implementation, strategy, and performance of the Company in 2020. We hope this information could be useful for all stakeholders.

II. Description of Sustainable Strategy

As the first year of implementing sustainable finance, the Company has set the goal of sustainable finance as follows:

- To gain knowledge of sustainable finance;
- To create “awareness” of sustainable issues; and
- To give contribution to environment through Company's main business, which is financing.

The Company is still focusing on increasing knowledge and awareness of sustainable issues. With the foundation of such knowledge, the Company will directly implement the financing to environmentally friendly unit/business sectors.

The Company has also implemented sustainable finance plan in 2020 as follows:

- Increasing all employees' understanding about sustainable finance and its relation to financing activities;

- Promoting financing product which is compatible with sustainable finance to potential debtors; and
- Financing to environmentally friendly products.

By programs prepared by the Company, the Company prepared the basic foundation of implementing sustainable finance so that in the future the Company can provide financing products to the business sector / environmentally friendly products according to consumer needs. As time goes by, besides the Company could gain more understanding about sustainable finance, the Company can develop its financing business activities to sustainable sector and recognize business prospect and potential consumers to environmentally friendly products.

III. Overview of Performance Aspects of Sustainability

a. Economic Aspect

	2018	2019	2020
New Financing Disbursement	1,330,283,792,762	1,208,151,000,000	601,955,111,495
(Environment Friendly Products)	8,722,957,640 (0.66%)	56,633,668,500 (4.69%)	0 (0%)
Income	205,751,063,116	221,716,899,180	232,228,560,017
Net Profit	10,690,093,117	6,148,262,477	18,806,596,644

- New Financing Disbursement of the Company has recorded more than 1 trillion since year 2017, but it recorded just 600 billion in year 2020 due to pandemic condition.
- Out of the new financing disbursement above, we succeeded to disburse for environment friendly products as described in the table above. We found that the share of it in total new financing disbursement has been increasing (2018 0.66% → 2019 4.69 %). Although there is decrease in 2020 due to pandemic.
- Even the new disbursement dropped in year 2020 due to pandemic, the Company maintain enough profit level, from the accumulated financing balance until the previous year and by the effort to increase financing margin and to save the operational cost.

- For Economic Aspect, it is recognized the Company's sustainability has been enough built.

b. Environmental Aspect

By financing to environmentally friendly products, the Company indirectly gave contribution to environment. Through CNG, the Company involved in introducing the environmental preservation because of the low gas emission. This product is also comfortable to be used and can reduce spending on fuel due to the much cheaper price of natural gas. With such contribution, we hope in the future many potential consumers could use this product and give positive contribution to environment.



Through financing to LED lamp and energy efficient AC, companies which used such products in their production activities also gives contribution to environment. Factory usually will use high power and a lot of emission. By replacing with energy saving products, it could save cost and gives positive impact to environment.



c. Social Aspect

Since 2019, the Company involved in cooperation between Indonesia and Japanese Government through NEDO (New Energy and Industrial Technology Development Organization) project with program: “Demonstration Project for the Spread of Compressed Natural Gas Vehicles and Refuelling Infrastructure including Support of Development of Sustainable Environment”. Besides building CNG station, NEDO is also providing trial to passenger and commercial vehicles (trucks) with CNG as their fuels for selected users in Indonesia. The Company involved in this project by giving finance by way of operating lease to the users for passenger vehicles from Toyota brand and commercial vehicles (trucks) from Hino brand from 2019 to 2021.



Through this cooperation, the Company indirectly gives social contribution to reduce vehicle gas emission, which is vehicle using CNG. With this experience, we are increasingly convinced of the potential of environmentally friendly vehicles and the future prospects and performance of such vehicles that are not inferior to vehicles with fuel oil. Such vehicle is quite good as investment product that could be selected by potential consumers in the future.

IV. Company's Profile

a. Vision and Mission

Vision: To be a foundation of strength, committed to meeting the needs of our customers, serving society, and fostering shared and sustainable growth for a better world.

Mission:

- 1) Work together to exceed the expectations of our customers
- 2) Provide reliable and constant support to our customers
- 3) Expand and strengthen our global presence

b. Company's Information

Name : PT. Bumiputera-BOT Finance
Address : Wisma Bumiputera Lantai 11-12 Jalan Sudirman Kav. 75 Jakarta
Phone No : (021) 5706762, 6224522
Fax No : (021) 5255610, 5706773
Email : mkt@botfinance.co.id
Website : <https://www.botlease.co.jp/global/indonesia/indonesia.html>

Branch Offices

Bandung Branch

Menara BRI Lantai 11- Suite 1101
Jalan Asia Afrika No. 57-59
Bandung 40111

Surabaya Branch

Plaza BRI Lantai 9- Suite 909
Jalan Jendral Basuki Rahmat No.122
Surabaya 60271

c. Business Scale

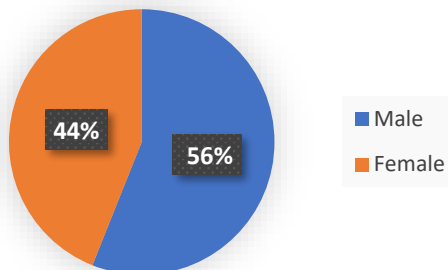
- 1) Total asset and liability as of December 2020

Asset : Rp 1,820,581,834,077.68

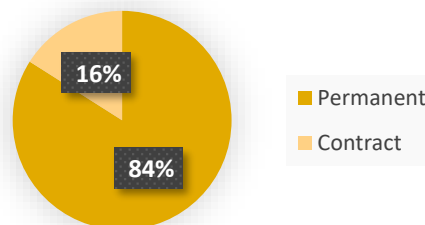
Liability : Rp 1,551,034,608,717.42

- 2) Number of Employees (131 as of Dec 2020)

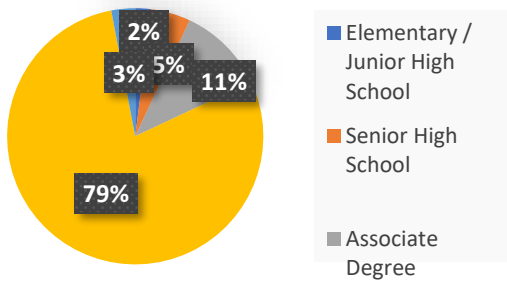
Gender



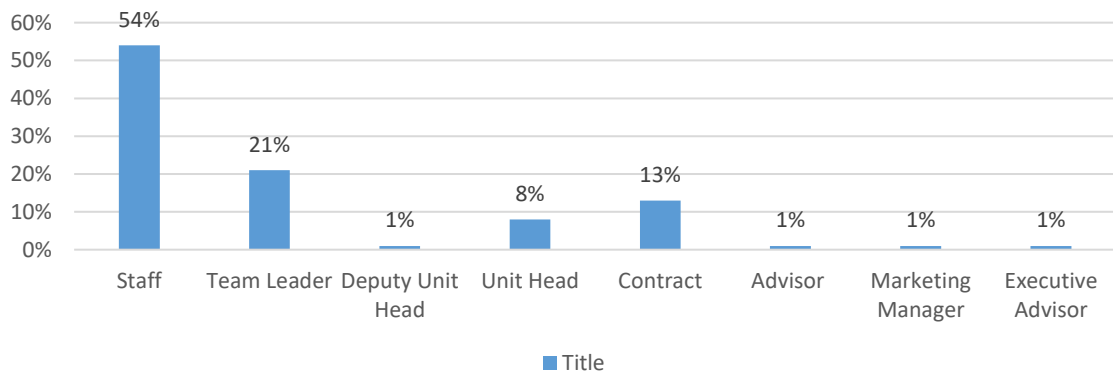
Employment Status



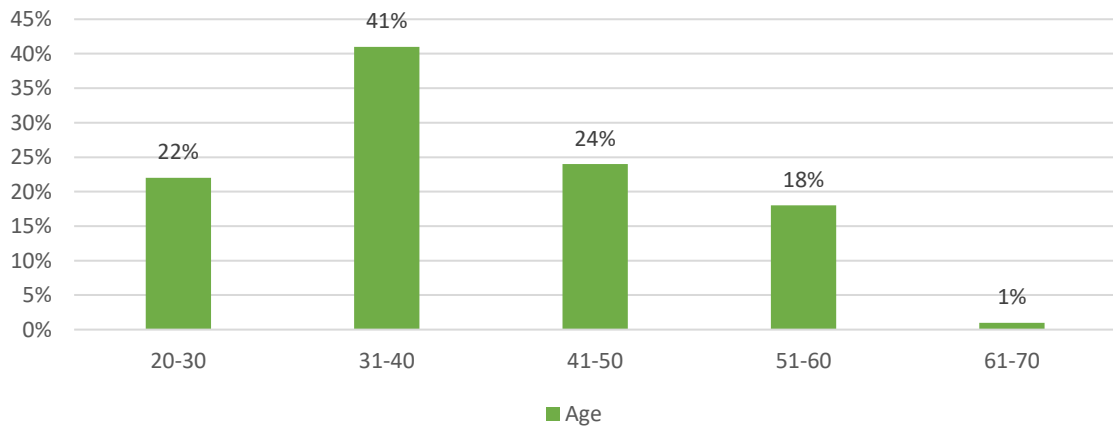
Education Level



Position



Age



3) Komposisi Pemegang Saham

- BOT Lease, Co. Ltd : 60%
- AJB Bumiputera 1912 : 30%
- Yayasan Pendidikan Keluarga Wiryoprawiro : 10%

d. Products, services, and activities of business performed

Business Activities are:

- Investment Financing
- Working Capital Financing
- Multipurpose Financing

Financing Products are

- Finance Lease
- Sales and Lease Back
- Instalment Financing
- Operating Lease
- Factoring

e. Membership of Associations

- Indonesian Finance Services Association (APPI)
- Indonesian Financing, Pawnshop and Venture Capital Mediation Agency (BMPPVI)

f. Significant Changes

In 2020, Company temporarily closed 2 marketing offices located in Kelapa Gading and Gading Serpong for efficiency purpose as the impact of COVID-19.

V. Board of Directors' Remarks

a. Policy in responding challenges to fulfil sustainability strategy

1) Sustainability Value

The Company applied principles of sustainable finance as its sustainability values, such as:

- a) The principle for responsible investment;
- b) The principle for sustainability business strategy and practice;
- c) The principle for social and environment risk management;
- d) The principle for governance;
- e) The principle for communicative and informative;
- f) The principle for inclusive;
- g) The principle for developing priority leading sectors; and
- h) The principle for coordination and collaboration.

2) Company's Response to issues regarding sustainable finance

As one of the finance companies in Indonesia, the Company could give direct contribution through its main business activity which is financing. The Company did finance to environmentally friendly products. Thus, it could contribute to environment.

In daily activities, the Company tried to adopt environmentally friendly habits such as reducing the use of plastic bottles and also the use of paper in daily activities. The use of individual drinking bottles by employees is highly recommended by Company. For paper usage, the Company also implemented its own policy in which all paper waste is shredded into smaller pieces before being disposed of, besides to secure the data (no leakage of information) and also it can be easier to continue processing to the next stage.

As the requirement under the pandemic condition, the Company has also been trying to implement Paper Less operation in order to make Work From Home work effectively. The change of operational habit also contributes for the sustainability of environment in the same time.

3) Board of Directors' Commitment to achieve the implementation of sustainable finance

The Company also ensures all employees' understanding regarding sustainable finance by providing information by dissemination and also other media so that sustainable finance implementation could be done in a daily life.

4) Performance Achievement of Sustainable Finance Implementation

In 2020, the Company has done financing to product with below details:

Product	Financing Type	Outstanding as of Dec 2020
CNG	Operating Lease	22,017,017,917
LED lamp	Finance Lease	3,594,710,047
AC	Finance Lease	2,397,818,502

Even though it is our first time to implement sustainable finance, the Company could finance environmentally friendly product to its consumers.

5) Challenges of Achieving Sustainable Finance Implementation Performance

As a beginner in implementing sustainable finance, the Company is still in the introductory stage and looking for partners, such as suppliers/dealers that provide environmentally friendly products. It is not easy to find partners that provide such products.

Currently, our main consumer is corporate, not retail, so that the products financed are mainly heavy equipment, production machine. The products we finance depend on consumer needs, and currently, consumers' need for environmentally friendly products is still low.

Based on the above explanation, it can be concluded the challenges in the implementation of sustainable finance are:

- a) Demand on financing to environmentally friendly product is still low;
- b) Suppliers/dealers providing environmentally friendly product is still little; and
- c) Potential consumers that need financing to environmentally friendly product from existing consumers is still low.

Therefore, we tried to look for partners (dealers/suppliers) that provide such product. We could expand our network to consumer who need sustainable financial products so that in the future the variety of consumers can be wider.

b. Implementation of Sustainable Finance

- 1) Achievement of sustainable finance implementation performance (economic, social, and environment)

As explained above, the Company has done financing to environmentally friendly products, such as Compressed Natural Gas (CNG), LED lamp and energy efficient Air Conditioners (AC). By this financing, the Company has given its contribution as a finance company which is directly impact to economic, social and environment. Although the amount is still smaller than financing portfolio of conventional product, the Company tried to develop its business to sustainability sector.

- 2) Description of achievements and challenges including key events during the reporting period

Year 2020 was a year with tough challenges not only for finance companies, but also business in all industries. We experienced a decrease in financing in 2020. But, from profit side, it was still quite good resulted in a contribution from previous years' performance.

With many debtors applying for restructure, the Company must make good financial strategy so that the financial performance could be maintained. We made efficiency, such as temporarily closing 2 marketing offices. The Company must also conduct strict credit analysis process. It will resulted in good financing quality and stable NPF. The Company is also committed to make timely payments to creditors and not apply for restructuring of payment obligations.

c. Strategies for achieving the target

1) Risk management of sustainable finance implementation

Currently, risk of sustainable finance implementation is still low and the portfolio is still low. The risk management has been done at the beginning when analyzing potential customers, products and suppliers of the unit.

We believe that we can balance the company's sustainable growth (economic aspect), the contribution to social benefit (social aspect) and nature sustainability (environment aspect), with our challenge of sustainable finance.

2) Use of the business opportunities and prospects

Based on our data of existing customer, the Company saw many potential consumers engaged in garment and heavy equipment sector. Demand from these sectors is quite well. Amid pandemic condition, we notice that medical devices sectors are a good prospect in the future and we will try to enter to that sector next years.

In the business opportunity, of course, we have always paid attention about the environment aspect in the credit analysis.

3) Description of external economic, social and environmental situations that have the potential to affect sustainability

Overall in 2020, Covid-19 pandemic was giving the biggest impact for the Company. It affected Company's sustainability from economic side. But with good

financial strategy in 2020, the Company was able to stand with challenges, such as decreased demand for financing, the big amount of the proposed restructuring, which forces the Company to carry out various efficiencies, and different working condition from previous years with office activities limitation as well as Work from Home (WFH). Many issues must be adjusted from operational side, but the Company got through 2020 quite well.

Even we faced those challenges, the Company survives through the difficult situation and succeeded to transform the difficulties to the chance to build the solid foundation for the Company's sustainable growth and sustainability spirit.

VI. Sustainable Governance

The implementation of Sustainable Governance in the Company is conducted with the following steps:

1. Whole framework of governance and sustainable finance are coordinated = by the Company's planning unit / Corporate Planning Unit (CPO). In preparing the action plan of the sustainable finance, the implementation of working program, as well as reporting to BOD and BOC, this unit lead the implementation and did collaboration with related units.

BOD examines and determines the reporting and working program from the unit, by considering the effectiveness and by assessing the risk. Then BOC advises the progress and the result of the programs to BOD.

2. The implementation of working program is reported in Operations Committee periodically. In the implementation, such as dissemination, CPO cooperated with Personnel and Secretariat Unit, meanwhile for financing, CPO cooperated with Business Development Unit. Operations Committee is attended by all BOD. BOD will always get information regarding sustainable finance implementation.

The reporting and dissemination are always done in organization wide.

3. Every year, BOD also prepares action plan of sustainable finance and reported to BOC. Thus, BOC could understand, give response and approve reports regarding sustainable finance.

The Company always ensures that the sustainable finance implementation was done in accordance with GCG principles as regulated in OJK Regulation (POJK) No.

29/POJK.05/2020 which is the amendment from POJK No 30/POJK.05/2014 concerning Good Corporate Governance for Finance Company.

In providing finance, the Company always implement in-depth credit analysis to potential consumers, business sectors and products that will be financed. This is Company's risk mitigation and also a way to ensure that sustainable governance has been implemented properly.

VII. Sustainable Performance

a. Activities to build sustainable culture

The Company has conducted dissemination about sustainable finance to all employees. It is hoped that employees could understand sustainable finance well.

We recognize that the activity to build sustainable culture was not really enough in year 2020 under the pandemic situation. So we will try to enhance it in year 2021.

b. Description of economic performance

(in billion rupiah)

	Fiscal Year 2020	
	Plan	Realization
New Disbursement	350-400	601,2
Car Finance	100,0	134,8
Machinery (consumers related to Japanese company)	35,0	1,4
Machinery (consumers related to Indonesia company)	110,0	275,3
Heavy Equipment	130,0	189,7
Outstanding Principal	1650-1700	1.608,9
Car Finance	560,0	481,7
Machinery (consumers related to Japanese company)	100,0	106,2
Machinery (consumers related to Indonesia company)	480,0	484,4
Heavy Equipment	540,0	536,7

	(in billion rupiah)	
	FY2020	
	Plan	Result
Gross Profit	79-80	89,9
SGA Expenses	66,0	64,4
Operating Profit	12-14	25,5
Credit Cost	5-12	2,9
Non-Operating Profit/Loss	0	0,7
Net Profit before Tax	0-9	23,4
Net Profit after Tax	0-9	18,8

This is plan that was already adjusted as requested by OJK based on Covid-19 condition. At the end of 2020, the realization of new disbursement could exceed the target, although in total the outstanding principal was still lower than target. Overall, the performance in 2020 has been going quite well.

	Fiscal Year 2020	
	Plan	Realization
New Disbursement		
CNG	0	0
LED	5,000,000,000	0
AC	5,000,000,000	0
Outstanding Principal		
CNG	22,017,017,917	22,017,017,917
LED	7,700,000,000	3,594,710,047
AC	6,500,000,000	2,379,818,502

Since CNG project was limited project (demonstration), so we did not have new disburse planning for this category in 2020, we only do renewal contract so more customer can experience the CNG vehicle.

Due to pandemic covid-19, most of companies were in tough situation. According to our partner supplier named FT group, there were mostly no new order for these category. That's why there is no disbursement for this category in 2020. From last quarter of 2020, our customer started to consider new investment. We hope that prospect of this category in 2021 will recover. We are considering solar panel as new green product category.

c. Social Performance

1) Company's commitment to provide equal services to consumers

All potential consumers that apply for financing must fulfil legal and financial requirements as well as through adequate credit analysis process before their applications are approved and we provide financing facility. All process is done in accordance with internal regulation and other regulations regarding finance company.

2) Manpower

The Company is committed to provide a decent and safe work environment as well as in accordance with regulation related to manpower. The Company also conducted fair recruitment process for employees in accordance with criteria needed by the Company.

In connection with remuneration of permanent employee at the lowest level to regional minimum wage in 2020 as follows:

- Jakarta : 1,06%
- Bandung : 1,43%
- Surabaya : 1,11%

In 2020, the Company has conducted training for employees as follows:

- Training of IFRS 71,72,23
- Compliance and Information Security Training
- Management Training
- Transfer Knowledge regarding Sustainable Finance

In 2020, the Company has made an effort to implement sustainable finance amid impact of Covid-19 pandemic condition that affected all aspects of business activities. Starting from high demand to restructuring from consumers as well as temporarily closing of 2 marketing offices. Although many challenges was experience in 2020, the Company has conducted sustainable finance so that it could give contribution. The Company hopes economic and market condition will be better in 2021. Thus, the Company could do better sustainable finance implementation.