

Sustainability Report

PT. Bumiputera-BOT Finance

2021

I. Introduction

Year 2021 is the second year for PT. Bumiputera-BOT Finance (here in after referred as Company) to implement sustainable finance. In 2021, company still tried to recover after financial impact due to pandemic in 2020. Implementation of sustainable finance is still facing many challenges, but Company keeps trying to give contribution in sustainable finance as our commitment to support government program in sustainability.

Through this sustainability report, management will share information related to the implementation of sustainable finance, strategy, performance of company in 2021, we hope the information will be useful for all stakeholders.

II. Explanation on Sustainable Strategy

On the second year of sustainable finance, company is still aiming the goals of sustainable finance, such as:

- a. Create awareness on sustainable issue
- b. Give contribution on environment and society through core business of the company which is financing

Programs implemented by company has been provided in Action Plan of Sustainable Finance 2021 which Company keep focusing on increasing awareness on sustainable issue, also keeping sustainable financing program through financing facility in consumer in sustainability sector.

Company has prepared action plan on sustainable finance in 2021 as follow:

- Increasing internal knowledge related to sustainable finance
- Knowledge implementation in daily operation in KYC analysis and finding partner for green products
- Check market conditions and demand of sustainable products and financing needs
- Approach supplier of green products to expand relationship to the customer who has interest and financing needs on green products

Through the program prepared, company has prepared all of our resources to keep expanding the business into sustainable sector and increasing facility in this sector in the future.

III. Overview of Sustainability Aspect Performance

a. Economy Aspect

	2019	2020	2021
New Disbursement	1.208.151.000.000	601.955.111.495	769.002.000.000
New Disbursement on Sustainable Sector	56.633.668.500 (4.69%)	0 (0%)	42.241.177.975 (5.49%)
Income	221.716.899.180	232.228.560.017	161.339.497.582
Net Profit	6.148.262.477	18.806.596.644	(7.254.343.873)

- In 2021, there is slightly increase on new disbursement along with the recovery of economic conditions and facility demand from customer. Even there is no significant increase on new disbursement in FY2021, along with economic conditions and facility demand from customer, there was a disbursement in syringe production which needs to keep government demand for vaccine distribution, which is recognized as sustainable sector.
- From income side there is significant decrease mainly from credit cost caused by the occurrence of bad asset during this pandemic. But we recognize that our profit from financing business as our main business recorded relative high result by getting benefit from lower borrowing interest in the market.
- Company's net profit has significant decrease because company should do impairment on bad quality asset. Increase on bad quality asset caused by decrease of customer payment capability. On the other side, company should maintain its financial soundness also to keep compliance on regulation through impairment.

b. Environment Aspect

On environment aspect, in 2020, company has provided financing facility for green products such as: CNG vehicles, LED lamps, AC low watt. In 2021, there is no financing for green products, but company provide financing facility to customer in waste management sector. This is indirect contribution of company

in environment sector. By providing facility in waste management sector, we hope that customer may expand the business and decrease the number of environmental damage cause by factory production waste.

In 2021, company has implemented Work From Home (here in after referred as WFH) system which enable works to be done through laptops (digital). Before WFH implementation, company used more paper for daily operation needs but with WFH system, company may decrease usage of paper in the office. All paper waste has been shredded first with machine, and paper waste is separate with other type of waste. With this process, at least company may give positive contribution to environment.

c. Social Aspect





In social aspect, in 2021 company provide financing facility to customer that produce syringe which been in partnership with government to supply syringe used for vaccination in Indonesia. Our customer also exported the syringe to Ukraine and UNICEF with total volume 200 containers and 150 million pieces of Auto Disable Syringe (ADS) at end of August 2021. Syringe produce by our customer PT. One Ject Indonesia has been certified by WHO in 2020. With addition of new machine to produce the syringe through financing facility from company, we hope for increase of production capacity of our customer. By the capacity increase, our customer expected to give contribution for medical equipment in Indonesia and overseas.

IV. Company profile

a. Vision and Mission of the Company

Vision : to be the most trusted finance company in Indonesia

Mission :

- 1) Cooperate to exceed customer expectation
- 2) Give continuous and reliable support to customer
- 3) Expand and strengthen our presence globally

b. Company information

Name : PT. Bumiputera-BOT Finance

Address : Wisma Bumiputera 11th-12th floor, Jalan Jendral Sudirman Kav 75 Jakarta

Phone : (021) 5706762, 6224522

Fax : (021) 5255610, 5706773

Email : mkt@botfinance.co.id

Website : <https://www.botlease.co.jp/global/indonesia/indonesia.html>

Branch

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 2021

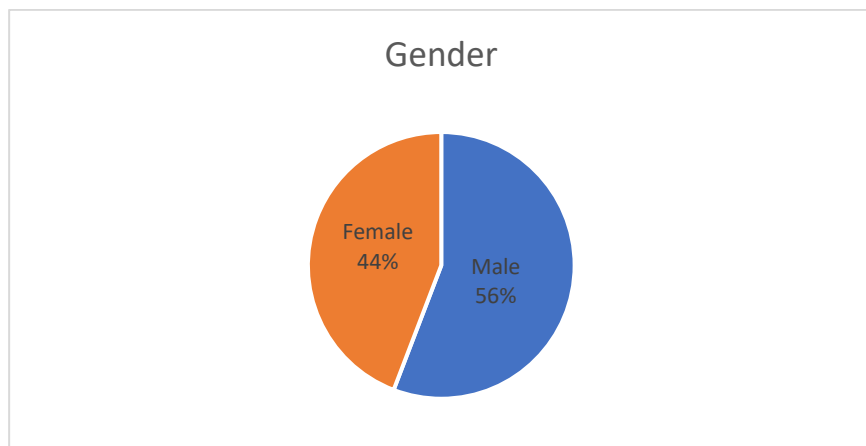
Asset : IDR 1.470.152.616.774

Liability : IDR 1.209.715.583.414

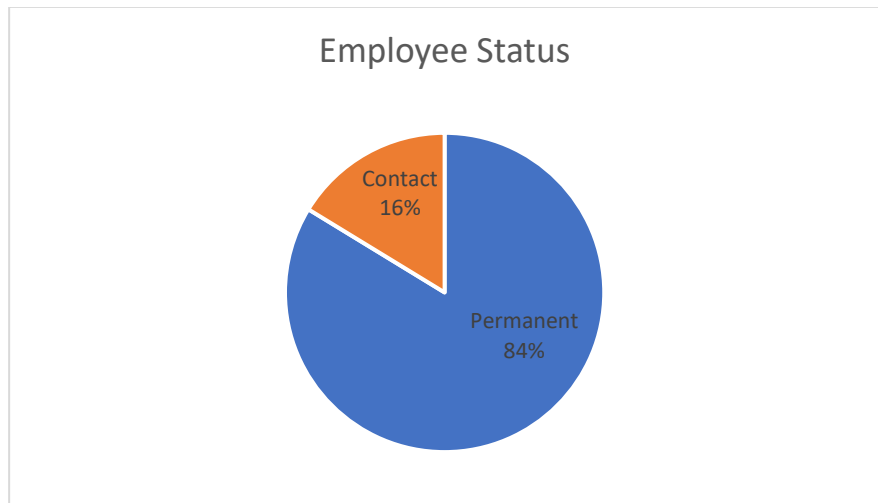
2) Number of Employee (129 person as of December 2021)

Employee percentage based on category:

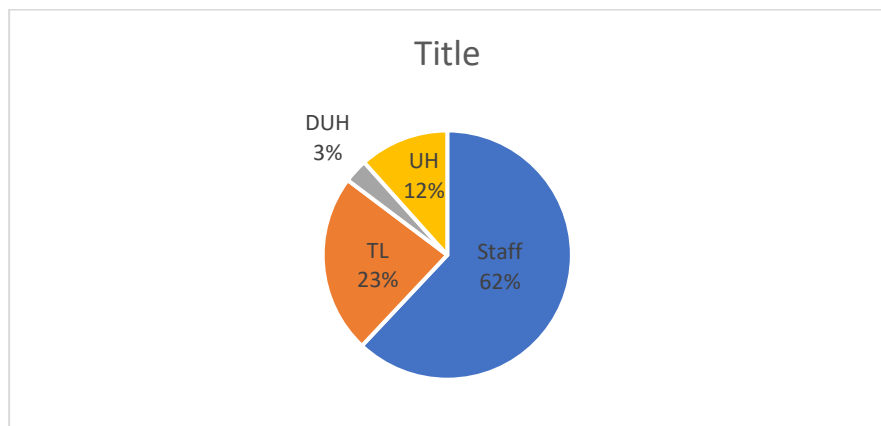
a) Gender



b) Employee Status



c) Title



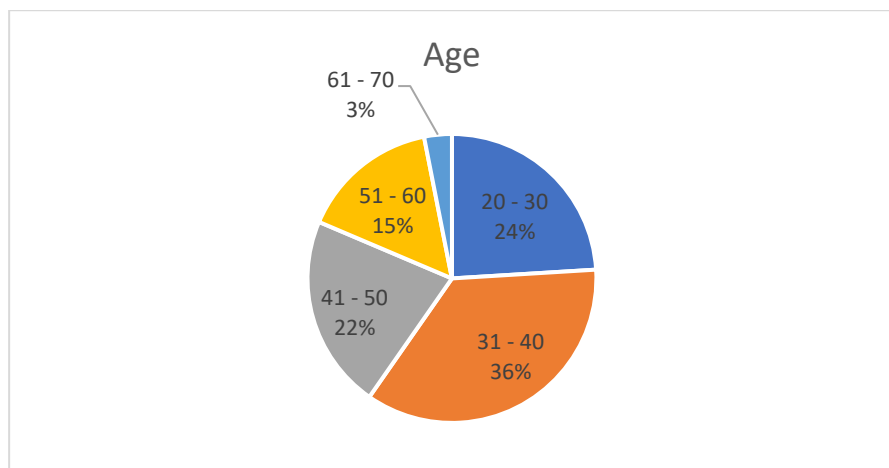
Remarks:

TL= Team Leader

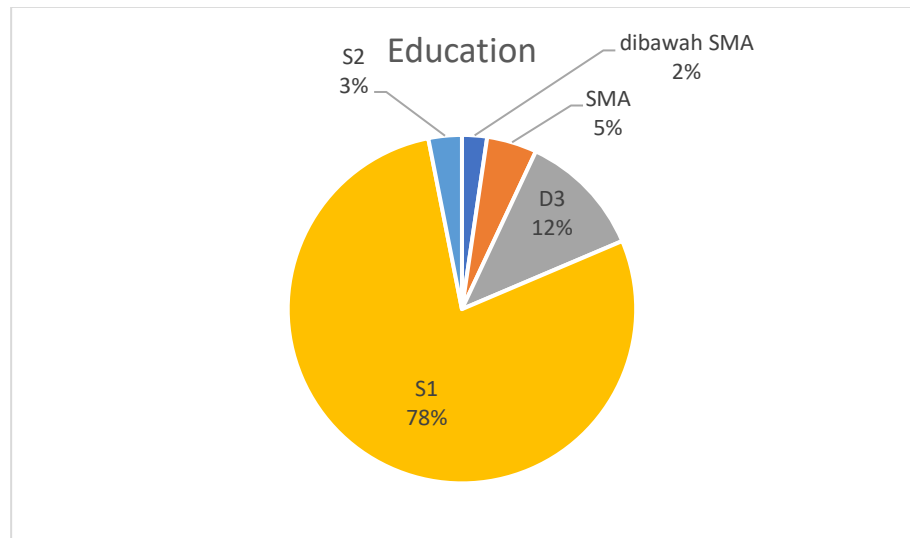
DUH= Deputy Unit Head

UH= Unit Head

d) Age



e) Education



3) Shareholders Composition

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

d. Product, services, and business activities

Business Activities:

- Investment financing
- Working capital financing
- Multipurpose financing

Financing Products:

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

e. Membership on Association

- Indonesian Financial Services Association
- Alternative Dispute Resolution Institution

f. Significant changes

There is no significant changes in the company in 2021

V. Directors' Explanation

a. Policy to response challenges for fulfilment of sustainable strategy

1) Sustainable value

Company keeping the principle of sustainable finance as sustainable value as follows:

- a) Responsible investment
- b) Sustainable strategy and business practice
- c) Social and environment risk management
- d) Governance
- e) Communicative and informative
- f) Inclusive
- g) Expansion of priority flagship sector
- h) Coordination and collaboration

2) Company response on issue related to sustainable finance

As one of finance company in Indonesia, company may give direct contribution through main business activities which is financing. Company provides facility on green products and consumer in sector that have positive impact on environment and social, so indirectly company may also give positive impact to society, environment, and social.

In daily operation, company trying to enhance green habit such as: minimize usage of plastic, papers. Usage of personal water bottle was highly recommended for all employees. For paper usage, company put policy to shred all paper to be small pieces first to make the next step easier also related to security information.

As one of biggest change in pandemic conditions, company applied WFH system effectively which impacted on the decrease of paper usage. Small changing in daily habit give impact on environment in the same time.

3) Directors' commitment on fulfilment of sustainable finance implementation

Company ensures comprehension of all employees related to sustainable finance through internal and external socialization to ensure that sustainable finance can be implement in daily activities

4) Fulfilment of sustainable finance implementation performance

In 2021, company has implemented sustainable finance through financing facility disbursement to sector that has impact in social and environment also existing facility for green products as follows:

Customer Sector	Financing Sector	O/S Principal as of Des 2021
Syringe	Finance Lease	38.334.966.457,61
Waste Management	Finance Lease	251.231.952,13
AC	Finance Lease	1.722.778.564,73
LED lamp	Finance Lease	1.915.892.230,00

Even though company in second year of sustainable finance implementation, company has provided facility on green products also customer sector which has positive impact on social and environment.

5) Challenge on sustainable finance implementation performance fulfilment

In 2021, the biggest challenge for sustainable finance implementation is low financing demand on green products. Company has approach supplier/dealer who distribute the green products but the result was not satisfying. At least in 2021, company can still provide financing for medical equipment sector and waste management.

From explanation above, we can conclude some points of challenge face in 2021:

- a) Low demand on sustainable products
- b) Low number of suppliers for sustainable products
- c) Potential customer for sustainable products from existing customer still low

Here in after, we're try to find dealer/supplier partner which provided sustainable products so we can expand network on customer that have needs on sustainable products to broaden variety of customer. We also try to approach customer that have contribution in social/environment.

b. Sustainable Finance Implementation

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

In 2021, company has implemented sustainable finance through indirect contribution for environment through less paper usage also financing facility for customer in medical and waste management sector. For customer in medical equipment sector, company provide financing facility for syringe production machines where the syringe produce was used for vaccination purposes in Indonesia also exported to Ukraine and UNICEF to supports syringe demand for vaccination. We believe that providing facility for this customer can give indirect social and economic impact for community during pandemic circumstances. With the facility that we provided, we hope that customer may expand the business further in the future to international market and to support needs of medical equipment overseas. Besides new facility for customer in medical and waste management sector, company still have financing receivable for green products, such as: LED lamp and air conditioner.

2) Explanation about achievement and challenge including important event during reporting period

With the revival of economic conditions in 2021, company also feel the increase of demand for financing facility resulting increase of new disbursement in 2021. However, company still face challenges such as decrease of customer payment capability affecting suspension of payment cases in court which happened to our top customer, impacting company financially. This matter become challenge that make company prepare strategy and better risk mitigation so company sustainability can be guaranteed. We also hope that in the future, company may increase financial performance for company sustainability ahead.

c. Target achievement strategy

1) Risk management on sustainable finance implementation

In terms of risk, sustainable finance implementation still considered as low risk because of low portfolio and low number of customer with this facility. There is no significant risk between sustainable finance and normal facility. Risk mitigation was done in accordance with applied regulation.

2) Utilization of business opportunities and prospect

In 2021, company has utilized new business prospect on medical equipment and waste management sector. Besides 2 sectors, there is no new business sector as prospect of sustainable finance.

3) Explanation on economy, social, and environment situation that has potential impacting sustainability

In general, condition in 2021 still impacted by covid-19 since 2020 especially economy and social sector. In terms of financing facility, in general industry condition is getting slower as impact of covid-19. In terms of customer financing capability, customer financial condition has not improved much, also many facing decreases until they cannot paid at all and entered suspension of payment case in court. To face this, company should prepare financing strategy to maintain company's sustainability.

From social sector, company still adapt with WFH method. Company cannot depend on face to face and manual procedure to keep running the business as impact of social restriction determined by government. Implementation of WFH was really helpful operational process and speed up some of workflow. Company was committed to operate normally so we can provide best service to our customers. The biggest impact on WFH method is decrease on paper usage so we can aim for paperless era. With usage of digital data, company may give contribution on environment with the change of working method.

VI. Sustainable Governance

In 2021, company has increase governance implementation with establishment of some new committee such as:

1. Committee under BOD
 - Risk management committee
 - IT steering committee
2. Committee under BOC
 - Remuneration and Nomination Committee
 - Risk Monitoring Committee

With the committee establishment, we hope that the governance can be implemented even better.

Implementation of sustainable governance in company was proceed with some steps such as:

1. Governance framework and sustainable finance was managed by Corporate Planning Office (CPO). The implementation was done with collaboration with other units. Program implementation was reported monthly in Operation Committee which attended by all BOD and Unit Head to keep updated with the latest information related to sustainable finance.
2. Every year, CPO also supported BOD on preparing action plan on sustainable finance also sustainability report to BOC so BOC can be informed, give response and suggestion to develop sustainable finance implementation in the future.

Company always ensures that sustainable finance was implemented in accordance with good corporate governance as regulated on OJK Regulation Number 29/POJK.05/2020 which is amendment of OJK Regulation Number 30/POJK.05/2014 regarding Good Corporate Governance of Finance Company.

In providing financing facility, company always implement deep credit analysis to prospect customer, business sector, products that will be finance. This action is part of risk management also way to ensure implementation of good sustainable governance.

VII. Sustainable performance

a. Activities to develop sustainable culture

In 2021, there is social limitation determined by government which make company did not have any choices to keep the operation through WFH. With WFH implementation, there is change from manual to digital process for example for application and internal approval process. By this changes, usage of paper has decreased, and the new working habit has been established. Indirectly, this change has given contribution on the sustainable culture in company's internal process.

Employee of the company has got external training from MUFG Bank with topic ESG Financing (environmental, social, governance) which held on 22nd October 2021 on 2-4pm. During this training, employees got information related to ESG implementation on company's debtors. Also, employees get broader knowledge about ESG implementation in banking sector.

b. Financial performance explanation as of December 2021

(in million rupiah)

	Financial Year 2021	
	Plan	Realization
New Disbursement	900.000	769.002
Vehicle	261.000	209.712
Japanese Related	52.200	11.942
Indonesian Machinery	325.800	252.125
Heavy Equipment	261.000	295.224
Financing Receivable	1.533.797	1.416.421
Vehicle	452.253	407.682
Japanese Related	82.770	46.862
Indonesian Machinery	515.072	442.109
Heavy Equipment	483.072	519.769

In billion rupiah

	Financial Year 2021	
	Plan	Realization
Gross Profit	73	83,3
Expense	65	64,5
Net Profit	8	189,3
Credit Cost	8	20,3
Profit	0	1,7
Profit Before Tax	0	0,7
Profit After Tax	0	-7.3

Business plan that we've mentioned above is our latest revision to OJK which revised because of significant change of economic conditions in Q1 and Q2 of 2021.

c. Social performance

1) Commitment of company to provide equal services to customers

To ensure equal service to all customers, company has determined requirements for the facility clearly on company's internal policy. After analysis on customer, company may determine additional requirements especially related to financial capability and financing scheme which chosen by customer. This is important to ensure proper risk mitigation which is essential in finance company.

2) Manpower

In manpower sector, company has ensured compliance to all applied regulation related to manpower in Indonesia. Company also ensures implementation of the latest regulation related to manpower such as Omnibus Law implementation on Company's Regulation which been prepared on October 2021 and still waiting for review of Manpower Office. Company has commitment to establish safe and comfortable working environments for all employees to keep good relationship between employees and company.

Related to remuneration percentage of permanent employee in lowest level compared to regional minimum wages in 2021 is as follows:

- Jakarta : 1.04%
- Bandung : 1.26%
- Surabaya : 1.13%

In 2021, company has provided training for employees, as follows:

- National Workshop Webinar about Manpower
- APPI "Economic Outlook 2022"
- APPI "Opportunities and Challenges of Restructuring Stage 2"
- Training about Guidelines for Composite Rating Calculation for Financial Soundness Level of Non Bank Financial Sector
- IT Risk Management
- Study Session Regarding Environmental, Social, and Governance Financing

In the beginning of 2021, company was hoping for recovery of economy in general, which can impact to increase of demand for financing facilities, to increase facility disbursement. Increase of facility disbursement has been achieve by company, but on the other hand, there is also increase of Company's NPF due to payment difficulties by our restructure customers. By the increase of NPF, company should increase the amount of impairment which impact on company's profit.

Even though 2021 is quite difficult for us but company will thrive to do better and increase performance in 2022 along with the recovery of pandemic conditions also economic recovery which has good significant impact to the company.