

Sustainability Report

PT Bumiputera-BOT Finance

2023

I. Introduction

PT Bumiputera-BOT Finance hereinafter referred to as Company has done continuous effort to implement the sustainable finance. In 2023, Company more focused on the increasing of the understanding on sustainability in the Company through training and daily activities that can give more impact to the environment. We believe that as finance company we can contribute more to the environment, not only through financing product, but also through our daily activities.

II. Explanation on Sustainable Finance

In 2023, Company already prepared sustainable finance action plan as follows:

- a. Study and find prospect on solar panel industry and electric vehicle.
- b. Digitalization of documentation in the office.
- c. Partnership with organization related to environmental.
- d. Continuous training for employees especially related to real life implementation for sustainable finance.
- e. Review company's organizational structure and title position for more sustainable career path for the employees.

III. Overview of Sustainability Aspect Performance

a. Economy Aspect

Indicators	2021	2022	2023
New Disbursement	769,002,000,000	1,392,300,722,014	1,309,430,155,683
New Disbursement on Sustainable Sector	42,241,177,975 (5,49%)	108,127,966,877 (12,87%)	53,228,042,417 (4,06%)
Income	175,992,180,461	149,511,778,271	195,894,873,179
Net Profit	(7,254,343,873)	(21,393,953,551)	9,254,838,129

New disbursements amount in FY2023 shows no big growth compared to the previous year. In FY2022, we purchased lease receivable from another finance company. Excluding that portion, new disbursement in FY2023 increased by 9.5% compared to FY2022. In terms of Profit and Loss, income increased by 31% mainly supported by the growth of finance income, which is contributed by higher operating balance. In addition, net profit significantly increased caused by the improvement of credit cost. By considering financial soundness, sufficient impairment reserve is still maintained. We keep the strategy to focus on the quality of receivable. The stability of financial soundness is one of our actions to ensure sustainability of our business for the future. Company will do continuous effort to ensure stability and growth of the business considering financial soundness of the Company as one of the main focuses.

Related to the sustainability, if we compare in FY 2022, there is a significant decrease in new disbursement in sustainable sector during FY 2023. In FY 2022, we have purchased active receivables from PT Century Tokyo Leasing Indonesia. In the receivable, there are some sustainable sector receivables as well, that impacted to the increase of the amount. For FY 2023, we have tried to diversify the sustainable financing object by providing financing for electric based asset and battery-based asset, for example: electric forklift, electric pallet mover and lithium battery. We hope in 2024 we might get better business opportunities with ecofriendly products.

b. Environmental Aspect

Related to environmental aspect, we still keep the exposure of the coal mining under the control by setting plan and threshold. The control was done by Credit Unit also discussed with Board of Directors in Credit Risk Control Committee Meeting. In this meeting, we check industry concentration also coal risk level based on our own parameter.

As for Crude Palm Oil (CPO) sector, even there is a concern of ESG, we see that this sector still has good prospect and customer has also done many efforts to lessen negative damage to the environment through continuous action and development in their business process. One of the examples is to process the


palm to be biomass and sold the electricity to PLN. They try to ensure that all part of the fruit can be used without waste.

For customer with the financial portfolio above USD 500,000, we have also used ESG checklist to ensure that customer business was done properly in accordance with ESG principle that we have used internally. The guidelines for this ESG implementation were adopted from our parent company that ensure proper ESG implementation on each subsidiary.

c. Social Aspect

In 2023, Company tried to do social activities through unused items donation. We collected unused items owned personally by our employees and their families to be donated through organization “Donasi Barang”. The organization manages the items to be donated for whom in need or even sale the items and provide the money for them in needs. The event was held in 3rd week of December and we have collected as follows:

LAPORAN
Program Drop Box Donation
PT. Bumiputera-BOT Finance



No.	Tanggal Pick Up	Jenis Barang	Jumlah	Satuan
1.	Rabu, 20 Desember 2023	Pakaian	320	Pcs
	Jakarta	Tas	10	Pcs
2.	Sabtu, 23 Desember 2023	Pakaian	32	Pcs
	Bandung			
3.	Sabtu, 23 Desember 2023	Pakaian	122	Pcs
	Surabaya			
JUMLAH KESELURUHAN		Pakaian	474	Pcs
		Tas	10	Pcs

Mengetahui,
Kepala Gudang Donasi Barang
Cecep Sunarya
(Koor. Tim Sertir Barang)

Corporate Communication
Yessy Cahya
(PIC Drop Box Donation)

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

Head Office

Name : PT Bumiputera-BOT Finance

Address : Wisma Bumiputera 11th-12th floor, Jalan Jenderal 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

1) Bandung Branch

Menara BRI Lantai 11- Suite 1101

Jalan Asia Afrika No. 57-59

Bandung 40111

2) Surabaya Branch

Plaza BRI Lantai 9- Suite 909

Jalan Jendral Basuki Rahmat No.122

Surabaya 60271

c. Business Scale

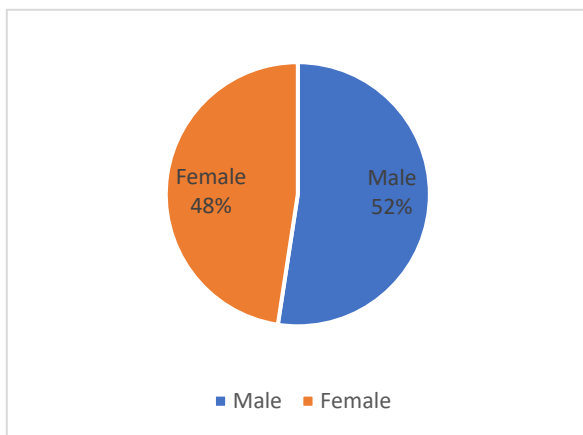
1) Financial Overview as of December 2023

Balance Sheet	FY 2023
Cash on hand and in banks	61.975.169.306
Finance Lease and Consumer financing receivables	1.993.529.580.990
Other Assets	75.144.553.172
Total Assets	2.130.649.303.468
Loans	1.761.728.484.494
Other Liabilities	119.038.262.724
Total Liabilities	1.880.766.747.218
Capital Stock	46.283.300.000
Retained Earnings	203.599.256.250
Total Equity	249.882.556.250
Total Laibilities and Equity	2.130.649.303.468

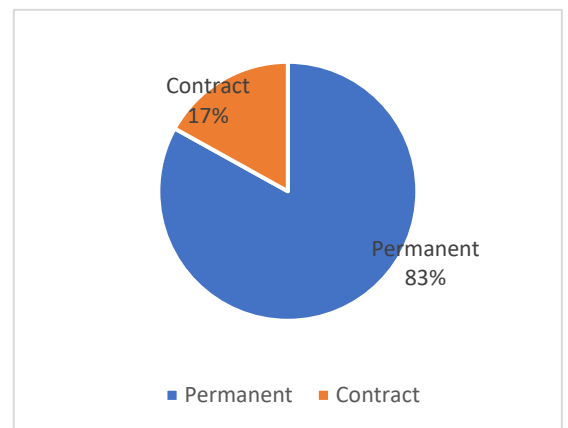
2) Number of Employee (124 as of December 2023)

Employee Percentage based on category:

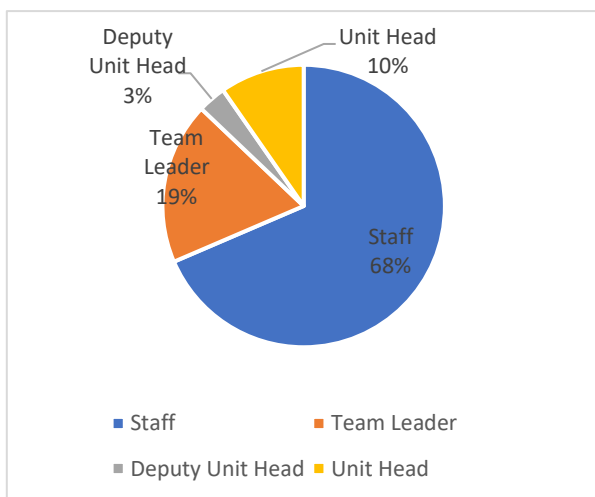
a) Gender



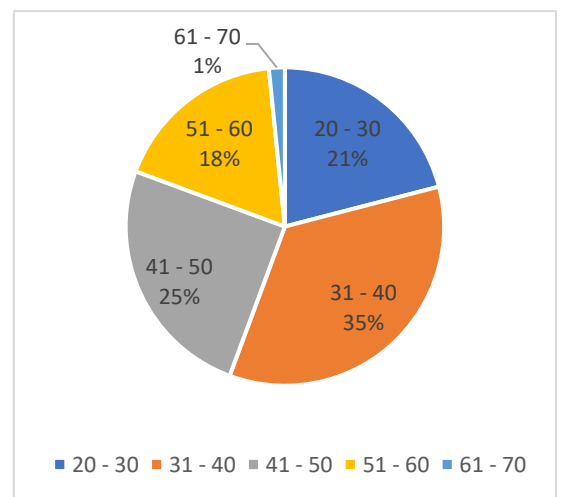
b) Employee Status



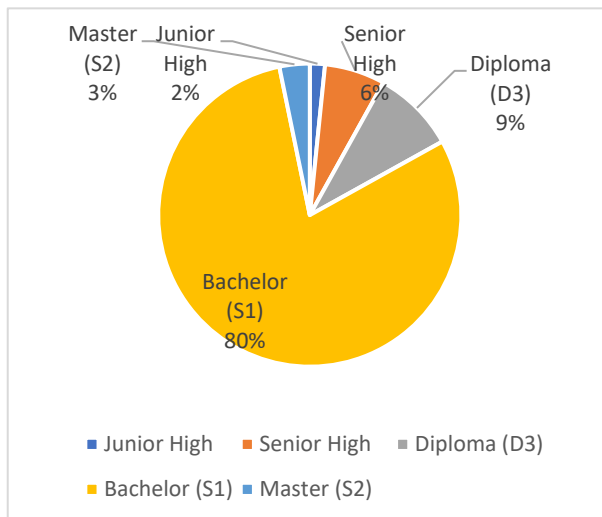
c) Title



d) Age



e) Education



3) Shareholders Compositions

BOT Lease. Co. Ltd	: 60%
Asuransi Jiwa Bersama 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 (APPI)
- Alternative Dispute Resolution Institution (LAPS SJK)
- Asset Registry (RAPINDO)

f. Significant Changes

- Appointment of New Director and Reappointment of all BOD and BOC based on Notarial Deed Number 94 Dated 10 May 2023.

V. Directors Explanation

a. Policy to response challenges for fulfilment of sustainable energy

1) Sustainable Value

Company kept 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

Sustainable finance has been promoted by many sectors especially Financial Services Authority (OJK). Banking sector has more advances approach and implementation in sustainable finance due to their wide business products and manpower to focus on handling the implementation of sustainable finance.

As finance company within our scale, focusing on sustainable finance is something we need to do as regulated by the authorities but not yet becoming our main focus in business. We still need to focus on the main financing business properly to ensure sustainability of our business. We have tried to do as best as we can within our scale, thus, to improve the exposure on sustainability we also need more incentive from the authorities to provide more assurance on the benefits from our efforts in sustainability. Even when the implementation has been done for several years, the market for sustainable still quite hard to be penetrated and very specifically segmented. Most of the public listed or big company are leaning into banking product that provides better interest also specialized feedback for their sustainable finance implementation compared to finance company.

Finance company also as client of the bank finds green loan not very attractive in terms of interest. We bind with more obligations to ensure green loan implementation, but we cannot gain more profit from that effort. Thus, we have no choice rather than choose just normal loan with competitive interest.

From our customer point of view, they will choose more efficient items rather than green products. For example: in case of electric vehicles, the cost of the unit is not too expensive and daily charge fee is also very low but the repair cost is very high, and the vehicles might not survive in flood conditions. If we want to finance of this product, we also know that the used electric vehicles is quite low compare to non-electric vehicles. We need to think that in case of unpaid, the selling amount will not cover the remaining outstanding principle, thus proposal on down payment and impairment strategy need to be adjusted as well. The study shows that the risk is slightly higher than other financing products.

We have focused on corporate side with more investment purpose financing. The development of green machine/ technology was not rapidly improved, many of them still used normal machine, because the technology was very high in cost but not as efficient. We need to wait and see for the development in customer sector as well.

- 3) Director's commitment on fulfilment on sustainable finance implementation Management has full commitment on the sustainable finance implementation, since it was also vision from our main shareholders BOT Lease, Co. Ltd which in line with MUFG strategy directions. Company has supported the sustainable finance program and also tried to enhance the implementation not only in financing sector but daily operation and HR as well.
- 4) Fulfilment of sustainable finance implementation performance

Unit Type	Financing Type	O/S Principal as of Dec 2023
Trucks (Euro 4 and 5)	Investment Financing	54,046,031,855.76
Battery based asset	Investment Financing	6,372,149,676.84
Electric based asset	Investment Financing	11,383,239,268.03
Medical Equipment	Investment Financing	33,094,638,783.00

- 5) Challenge on sustainable finance implementation performance fulfilment
 As for financing asset, the demand for sustainable financing products was still low. Thus, we also have not got the partner that provides sustainable products. From funding point of view, the interest rate for green loan is still same/higher with more complicated procedure. To implement sustainable finance, we should study the feasibility of the program in cost and benefit point of view as well. We try to focus on the implementation with more cost-conscious focus meanwhile still reaching the target of sustainability and impact within the community.

b. Sustainable Finance Implementation

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

a. Clothes Donation

In 2023 we would like to be more focused on social sector by implementing program that has direct impact to the community. In December 2023, we held donation event in the office when employees can donate their unused items for people in needs. We collaborate with Donasi Barang, and non-profit organizations that manage any type of unused items and provide it for people in needs. At the beginning we were more focused on clothes donation but as time goes, we also receive any other items such as bags, shoes, etc. The organization were open to receive any kind of unused items other than clothes such as electronic, furniture, spare parts, etc. They have their own recycling for specific

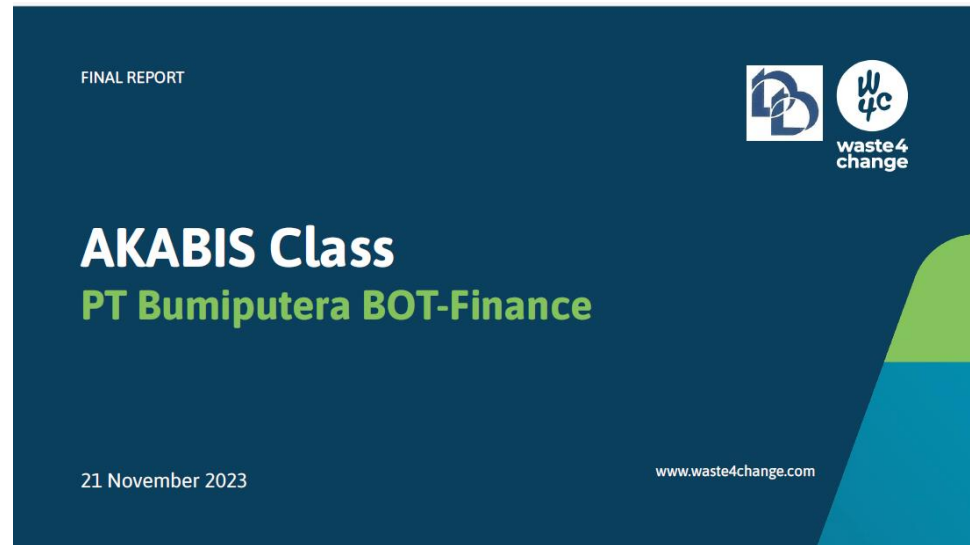
items. We can say that they are professional on their fields. Here is our achievements and some documentation:



b. AKABIS Class (Akademi Bijak Sampah)

We also provide sustainability training held by Waste4Change for all employees. PT Wasteforchange Alam Indonesia provides holistic waste management service that is supported by technology & collaboration in a mission of achieving the responsible waste management ecosystem. They have services in waste management also campaign services. We choose AKABIS Class to provide good basis knowledge related to sustainability, ecosystem, and circular economy. We hold the training

fully in online session and we ensure interactive communication between trainer and participant.



AKABIS Class

Introduction

AKABIS Class is a waste management training and discussion classes with experts trainer in Indonesia. The AKABIS class aims to raise awareness and develop insight into environmental issues and responsible waste management.

Date & Location	• Tuesday, 21 November 2023 in Zoom Meeting (Online)
Participant	• 59 Participants from Bumiputera BOT-Finance employees (Jakarta, Bandung, Surabaya)
Expert Trainer	• Ananda Haman Sunarko (Project Manager Waste4Change)
Question	• There are 5 questions given by the participants

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

✓ The Control of Non-Performing Finance (NPF)

We try to increase the quality of facility through tight selection on the application process. We put higher parameter to select good quality application. By using this method, we might decrease the risk of unpaid in the future.

For the ongoing facility, we try to strengthen collection activities to aim more effective asset recovery. We have settled some non-performing facility through termination and also legal case such as suspension of payment (PKPU). With the integrated control from the start until finish of the facility, we can maintain good credit portfolio to contribute low NPF ratio.

To maintain financial soundness, in 2022 we booked big amount of impairments and kept its balance in 2023. In 2023, with the control in the credit and collection activities mentioned above, the effort shows the result as lower credit cost to contribute profit.

c. Target Achievement Strategy

1) Risk management on sustainable finance implementation

From risk management point of view, we still see sustainable finance as low risk. We try to control the exposure of coal related transactions by having policy, parameter, and control sheet. There are many good quality customers that has been provided by the facility. As our commitment in sustainability, we try to keep control the coal concentration in “Low” level.

2) Utilization of business opportunities and prospect

For business prospect in 2023, we have grabbed some business opportunities in IT equipment, cold chain and nickel mining. In IT sector, there are many demands for financing in IT projects. The items will consist of many types of equipment in 1 project. For cold chain sector, there is increase in the needs of trucking with refrigerator for food and beverage. We see this as positive trends in this sector. We also provide financing in nickel mining sector. There are demands for heavy equipment and truck for exploration in the mining area. One of the projects was located in Weda Bay Industrial Park.

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

As of December 2023, the Company’s highest contribution for disbursement based on Economic Sector is Transportation and Warehousing, followed by

Construction and Mining and Quarrying. This contribution resulted from the government project such as toll road, Nusantara capital city project, and others. Referring to Indonesia's GDP of Q3-2023, the contribution is also in line with the positive growth of the transportation and warehousing (the highest growth), construction and mining and quarrying sector (leading sectors) at 14.74%, 6.39% and 6.95% YoY, respectively. The transportation and warehousing sector in Indonesia were experiencing rapid growth for the last 2 (two) years supported by the rapid development of the digital economy, including e-commerce.

The gradual recovery of Indonesian economy supported the business growth of the Company's business. On the other hand, the hike of interest rate depressed its Profit. The Company also increased the impairment reserve for its financial soundness and sustainability by investigating the credit risk.

From sustainable point of view, we can see that the positive economic growth has great impact on business sustainability. We know that mining industries still has good demand for financing industries, but we still keep with our parameter for exposure especially for coal industry. We have also entered the nickel mining financing, which we hope will supported the battery for electric vehicle.

VI. Sustainable Governance

Governance in company is ensured through some tools and forums, such as standard operational procedure and many of the supporting committee that discuss issues that happened from so many risk/factors, in order to find the solutions together and mitigate the risk in the future. We have some committees under BOD such as:

- 1) Asset and Liability Management Committee
- 2) Compliance committee
- 3) Credit Risk Control Committee
- 4) IT Risk Management Committee
- 5) Operation Committee
- 6) Risk Management committee

For BOC, we also have supporting committees such as:

- 1) Audit Committee
- 2) Risk Monitoring Committee
- 3) Remuneration and Nomination Committee

We have complied with all of the OJK regulations requirements to ensure that our governance structure is according to our needs also comply with all applied regulations.

In terms of sustainable governance, we have proceeded with some steps such as:

- 1) Governance framework and sustainable finance was managed by Corporate Planning Unit (CPU). The implementation was done with collaboration with other units, especially Credit Unit. Program implementation was reported through agenda in Operation Committee which attended by all BOD and Unit Head to keep them update with the latest information related to sustainable finance.
- 2) Every year, CPU 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.

VII. Sustainable Performance

a. Activities to develop sustainable culture

Our employees have received training regarding sustainability through AKABIS class. On that session, we got applicable knowledge that can be implemented in the office and daily life, especially related to waste management. With this knowledge, we can implement and improve the sustainable culture in our daily activities also share our knowledge to our families.

We see positive response on activities such as donation of unused items that we held with Donasi Barang. We will try to increase the frequency of event more regular, as part of sustainable culture implementations.

b. Financial Performance explanation as of Dec 2023

	Financial Year 2023	
	Plan	Realization
New Disbursement	1,270,000,000,000	1,309,430,155,683
Vehicle	450,000,000,000	496,452,460,530
Machinery	240,000,000,000	309,526,498,465
Heavy Equipment	580,000,000,000	503,451,196,687
Financing Balance	1,906,526,065,185	2,053,729,366,628
Vehicle	652,140,559,182	700,116,963,539
Machinery	373,169,888,608	589,452,892,919
Heavy Equipment	776,604,787,994	764,159,510,170

	Financial Year 2023	
	Plan	Result
Income	221,377,103,034	195,894,873,179
Expense	212,872,190,034	185,723,139,252
Net Profit Before Tax	10,500,000,000	10,171,733,944
Corporate Tax	-	916,895,798
Net Profit After Tax	10,500,000,000	9,254,838,129

c. Social Performance

1) Commitment of Company to provide equal services to customers

Since most of our customers are corporate, we provide the same basic requirements for the applications, and during the application process. We may ask for other additional documents to support the application in accordance with customer conditions. As long as the customers fit our requirements on getting the facility, we always proceed with the disbursement process in accordance with internal policy also applied regulations. We ensure compliance with regulations and ensure that providing equal services to customer can be implemented.

2) Manpower

Related to remuneration percentage of permanent employee in lowest level compared to regional minimum wages in 2023 is as follows:

- Jakarta : 2%
- Bandung : 2%
- Surabaya : 1,6%

In 2023, company has provided training for employee as follows:

- Microsoft Excel Training
- APPI Workshop
- Tax Regulation Training
- General Affair Management Training

Company committed to develop quality of human resources by using sustainable point of view.