



Sustainability Report 2019

LEADING IN SUPPORTING SUSTAINABILITY



LEADING IN SUPPORTING SUSTAINABILITY

BRI has become the leading bank in supporting sustainability following the issuance of the first Indonesian Sustainability Bond in 2019. The issuance met the ASEAN Sustainability Bond Standards 2018, Sustainability Bond Guidelines, Social Bond Principles, and Green Bond Principles. The issuance of Sustainability Bonds received a positive response from investors as evidenced by the bonds being oversubscribed more than eight times. As a leader, BRI continues its efforts to raise investor confidence in our commitment to implementing sustainable finance.

BRI's commitment in implementing sustainable finance principles has received recognition from independent external parties. The recognition can be seen from the increase in ranking and/or assessment scores on the implementation of environmental, social and governance (ESG) performance at BRI from two international rating agencies, MSCI ESG Ratings and Dow Jones Sustainability Index (DJSI). MSCI ESG Ratings and DJSI are the world's leading rating agencies evaluating ESG implementation in various public companies all over the world, and has become one of the considerations of investors when making investments.

In 2019, BRI's rating on the MSCI index was upgraded from BBB to A. The upgrade was due to an increase in disclosure regarding information security. Meanwhile, the DJSI recognised a significant increase in BRI's ESG performance, which was 80% higher compared to the previous period. The current score of 42 was the result of increasing disclosure on social performance and financial inclusion which was in line with BRI's main business activities in the MSME sector. The upgrade in rating and score showed BRI's consistency in applying sustainable finance principles in its business operations.

In 2019, BRI also increased its market capitalization rank, from previously being in fourth place, to rank third in the ASEAN region. This increase in market capitalization was a reflection of its performance and strategy, including digitalization initiatives and awareness in applying aspects of ESG.



Ranked third in the ASEAN region by market capitalization, from 4th place previously



In 2019, BRI's rating on the MSCI index upgraded to A from BBB previously



Mapping Sustainable Development Goals

As the Indonesian Bank with the largest assets as of the end of December 2019, BRI provided significant support to the achievement of sustainable development goals, especially in improving the welfare of the Indonesian people. As a leader, BRI continues to strive in harmonizing economic, social and environmental performance, and provide financing with environmental, social and governance perspectives. BRI's sustainable development goals have been in line with the Bank's business strategy and target support for the Government of Indonesia. BRI supports all goals of SDG in accordance with the company's impact and strategy, which refer to Indonesia's support priorities. Out of 17 goals, BRI identified 8 goals as its main priorities (marked with five circles).

	Sustainable Development Goals	BRI's support to SDGs	Impact of SDGs on BRI's business	BRI's support priorities for SDGs
	1 No Poverty	✓✓✓✓✓	✓✓✓✓✓	✓✓✓✓✓
	2 Zero Hunger	-	-	-
	3 Good health and well-being	✓✓✓	✓✓✓✓✓	✓✓✓
	4 Quality Education	✓✓✓✓✓	✓✓✓✓✓	✓✓✓✓✓
	5 Gender Equality	✓✓✓	✓✓✓✓✓	✓✓✓✓
	6 Clean Water and Sanitation	✓✓	✓✓✓	✓✓✓
	7 Clean and Affordable Energy	✓✓✓✓✓	✓✓✓✓✓	✓✓✓✓✓
	8 Decent Work and Economic Growth	✓✓✓✓✓	✓✓✓✓✓	✓✓✓✓✓
	9 Industry, Innovation and Infrastructure	✓✓✓✓✓	✓✓✓✓✓	✓✓✓✓✓
	10 Reduced Inequalities	✓✓✓✓✓	✓✓✓✓✓	✓✓✓✓✓
	11 Sustainable Cities and Settlements	✓✓✓	✓✓	✓✓✓
	12 Responsible Consumption and Production	✓✓✓	✓✓	✓✓
	13 Climate Change Handling	✓✓✓✓✓	✓✓✓✓✓	✓✓✓✓✓
	14 Marine Ecosystems	✓	✓✓	✓✓
	15 Terrestrial Ecosystems	✓✓✓	✓✓	✓✓
	16 Peace, Justice and Strong Institutions	✓✓✓✓✓	✓✓✓✓✓	✓✓✓✓✓
	17 Partnerships to achieve Goals	✓✓	✓	✓

Eight Priorities of BRI's Sustainable Development Goals:



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SUSTAINABILITY STRATEGY

Sustainability at BRI is a paradigm of achieving financial performance as well as environmental, social and good governance aspects to generate added value in increasing BRI's competitiveness and robustness, which in the long run can contribute to the nation's development and environmental preservation.



In order to realize its sustainability objectives, BRI has issued the Board of Directors' decrees to be used as application and implementation guidelines by all parties:

1. Decree No.: S.05-Dir/EMP/07/2018 on Sustainability Policy of PT Bank Rakyat Indonesia (Persero) Tbk.
2. Decree No.: 17-Dir/DMR/04/2017 on Sustainability Implementation Strategy of PT Bank Rakyat Indonesia (Persero) Tbk.

BRI's Commitment to Sustainable Finance



- Applying the principle of prudence in conducting functions and business activities. [\[102-12\]](#)[\[FS9\]](#)
- Running efficient and environmentally friendly operations. [\[FS1\]](#)
- Consistently applying credit financing policies to environmentally friendly business sectors with environmental impact analysis management certification. [\[FS2\]](#)
- Supporting development of priority economic sectors with high multiplier effects such as energy, agriculture, manufacturing, infrastructure, as well as micro, small, medium enterprises (MSMEs). [\[FS6\]](#)

- Developing staff competencies in understanding social and environmental policies and procedures as well as their application in every business activity of BRI. [FS4]
- Providing financial access support for all communities including unbankable communities and those living in remote areas. [FS13][FS14]
- Participating in joint efforts to improve the community's welfare and encourage their participation in environmental preservation.

Our Support for Sustainable Finance in Indonesia [FS16]

Externally, in line with the Medium-Term Plan for the Financial Services Authority (FSA or OJK) Sustainability Roadmap 2015-2019, BRI, along with seven other banks grouped in the 'First Movers on Sustainable Banking', participated in forming the Indonesia Sustainable Finance Initiative (ISFI) in 2018. The establishment of ISFI aimed to support BRI in implementing the sustainable finance roadmap and its implementation rules stipulated in FSA Regulation No.51/POJK.03/2017 on Sustainable Finance Implementation. [102-12]

Internally, BRI will focus on green finance activities, which will be carried out in stages. Phase I, BRI targets environmentally friendly investments in certain sectors and/or projects, especially in the agribusiness, clean energy, clean water supply and waste treatment sectors. Phase II, BRI identifies activities that are hazardous to the environment and reduces financing of activities in areas with environmental risks, and targets a certain percentage of the portfolio comprising environmentally friendly loans.

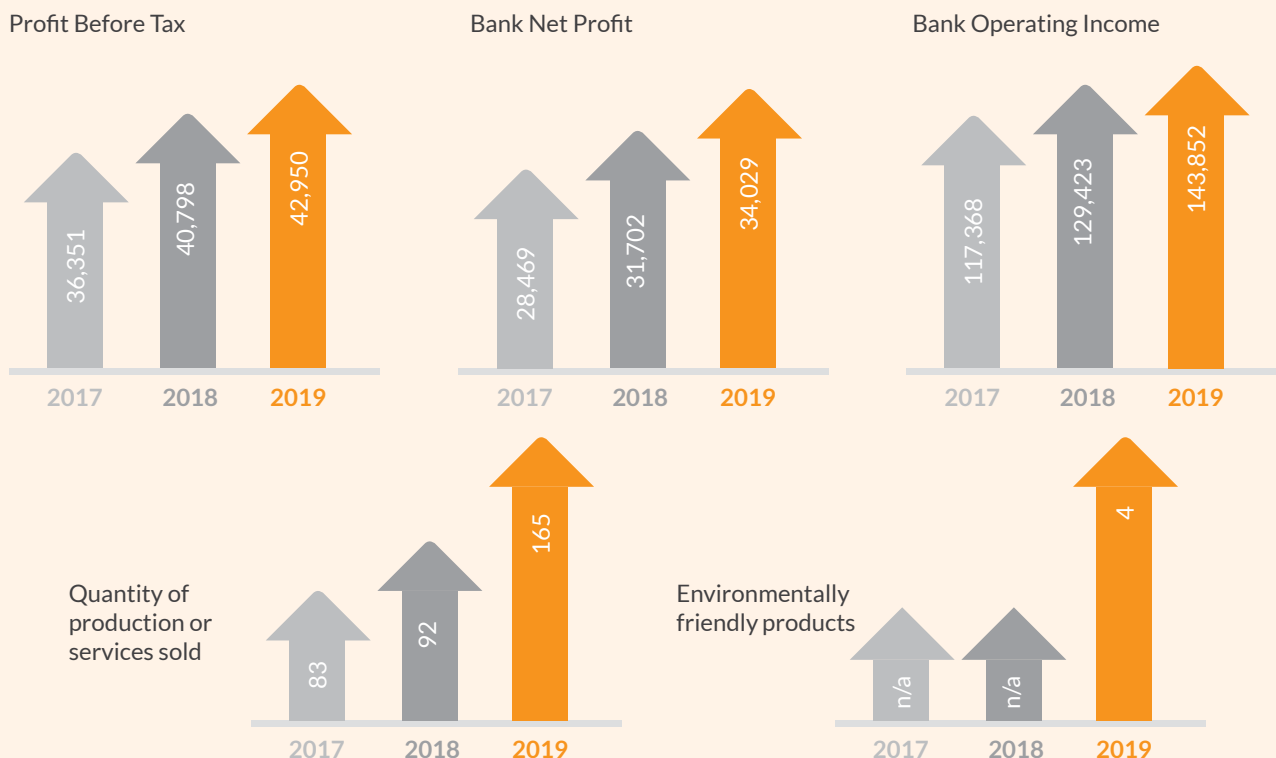




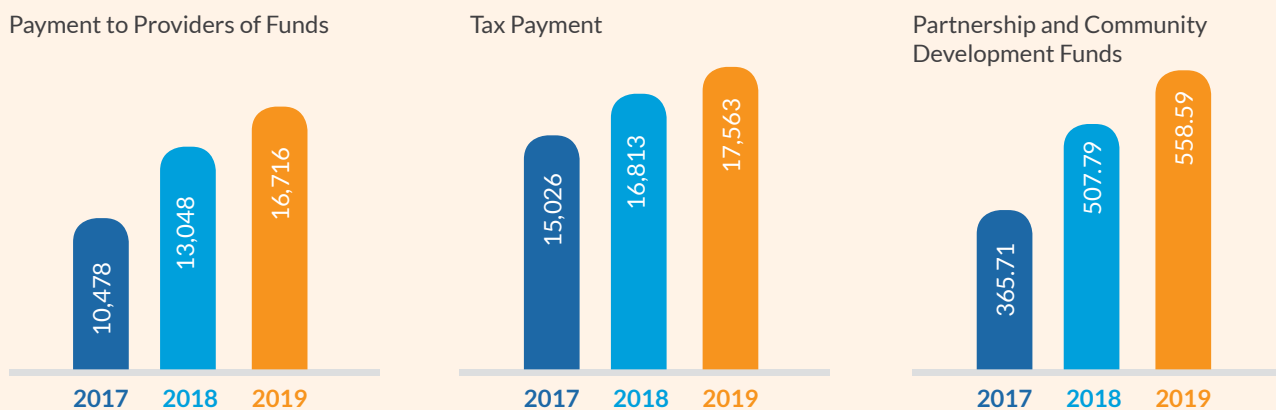
Performance Highlight Sustainability Aspects

Economic and Sustainable Finance Inclusion

Financial Performance (Rp billion)



Benefit Distribution (Rp billion)



Financial Inclusion and Sustainable Finance Literacy

Junio Smart

BRI has launched the Junio Smart application, an integrated education platform for schools across Indonesia. The application offers integrated services in academic management, administration, information and financial management between the school/teachers, students and parents. By the end of 2019, there have been 236 schools in Indonesia collaborated with BRI in the Junio Smart application.

Simpanan Pelajar

BRI synergizes with schools to provide BRILink services, through the “Menabung Ya Sempel Aja” savings program for students. With this program, students only need to bring their savings books to school and can directly make transactions through BRILink Agents. By the end of 2019, BRI has had 635,000 Sempel accounts.

Teras Kapal BRI

BRI launched Teras Kapal BRI of Bahtera Seva IV ark ship in Anambas Islands, Riau Islands Province. The floating bank will serve Tarempa, Bayat, Lingai, Telaga Besar, Keramut and Letung Islands. The Bahtera Seva IV allows the communities around Anambas Islands to get adequate access to financial services.

Remittance Dissemination

BRI cooperates with Bank Indonesia and the Indonesian Economic and Trade Office in Taiwan, providing education on remittances to Indonesian migrant workers (PMI), to raise awareness about the importance of cashless transfers to their home country. The services for migrant workers are facilitated by 9,545 outlets from 69 BRI counterparts in various countries.

Santripreneur

Bank BRI in collaboration with the Santripreneur Indonesia Foundation held BRI Santripreneur Business Training in the five cities/regencies of Sleman, Yogyakarta, Bantul, Jepara and Semarang. This activity is one of BRI's roles as an Agent of Development by providing entrepreneurship education and training for the community, university students and Islamic school students in building an entrepreneurial spirit. The training was attended by 350 participants and it is expected there will be an emergence of entrepreneurs out of the student participants in their respective businesses. BRI together with the Santripreneur Indonesia Foundation will continue to monitor and assist the business of the participants to enable them to grow and thrive.

BRIIncubator

BRIIncubator is the process of developing MSME Members of Rumah Kreatif BUMN (RKB) to increase their digital capacity and capabilities and focus on export validation, for their advancement. The activities were held in the cities of Jakarta, Sidoarjo, Yogyakarta, Semarang and Denpasar to improve the capabilities of 100 MSMEs in each city. This series of activities consists of workshops and bootcamps that will focus on improving the capabilities of MSMEs to Go-Modern, Go-Digital, Go-Online, and Go Global, to get significant added value.

Pinang

BRI, through its subsidiary PT Bank Rakyat Indonesia Agromiga Tbk (BRI Agro), launched the latest digital service product and financial service: PINANG (Pinjam Tenang). It is BRI's strategy to optimize the subsidiary's business role with a technological approach and to provide digital financial products that simplify and accelerate financial access for the community.

Aplikasi “Ceria”

BRI became the first state-owned bank to have an online loan application, through the launch of the “Ceria” application on Google Playstore in September 2019. The “Ceria” application is one of BRI's efforts to provide digital financial products that simplify and accelerate public financial access.

BRI is leading in utilizing 84.3% of proceeds from Sustainability Bond sales to support social financing

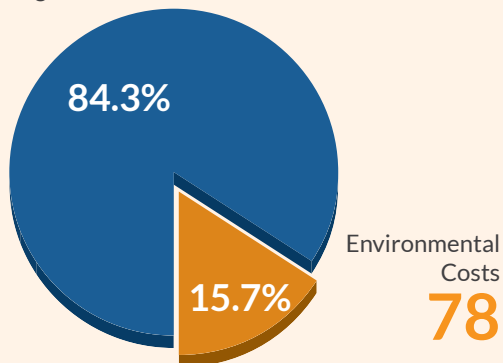
Disclosure of complete information on the economic performance of sustainable finance is presented in the BRI Annual Report 2019.



Environment

Uses of Sustainability Bond Funds 2019 (million USD)

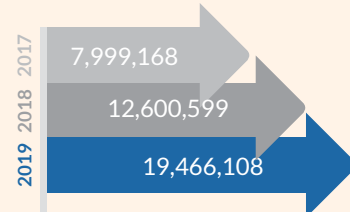
Social Financing
422



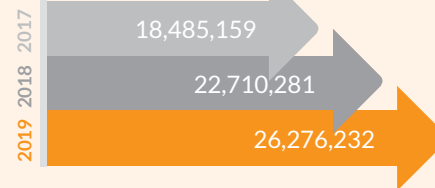
Form and Number of Paperless Transactions



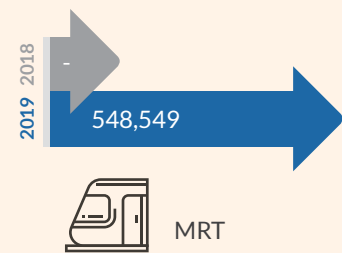
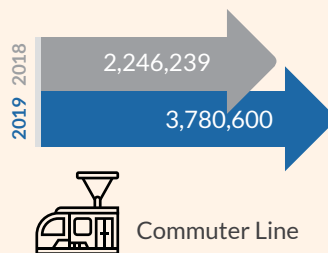
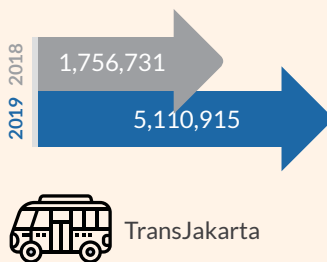
Internet Banking



Mobile Banking



e-Money (BRIZZI) Transactions To Support GHG Emission Reduction

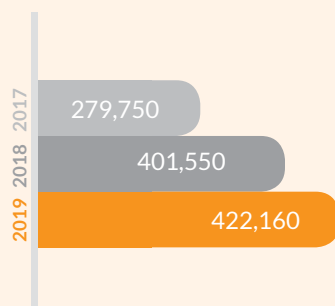


Sustainable Social Development

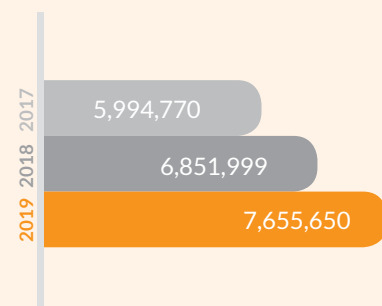
Serving the Community



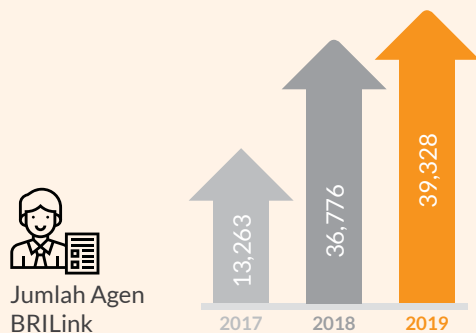
Number of BRILink Agents (Branchless Banking)



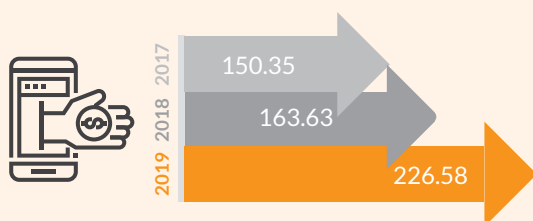
Number of BRIFast Remittance Transactions



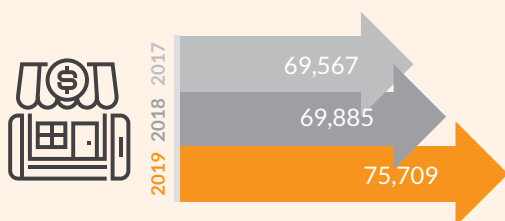
Number of BRILink Agents in the frontier, outer, and disadvantaged (3T areas)



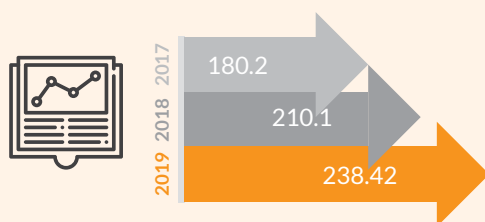
Community Investment



Total BRI Peduli Program

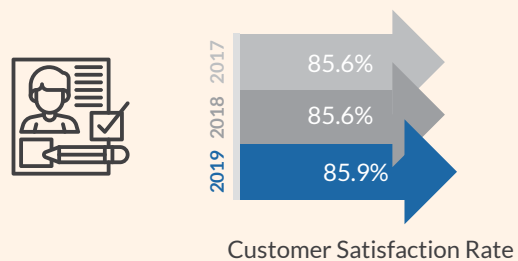


People's Business Loan (KUR) Distribution

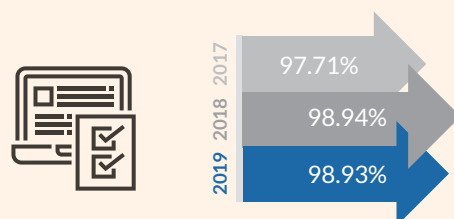


Total Outstanding Kupedes

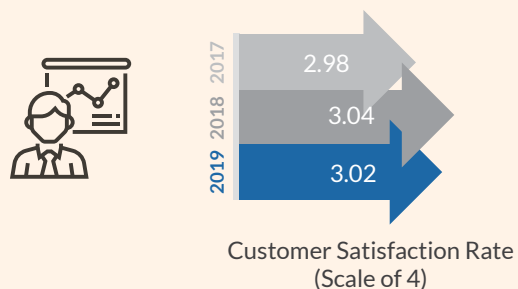
Service Quality Index Achievement



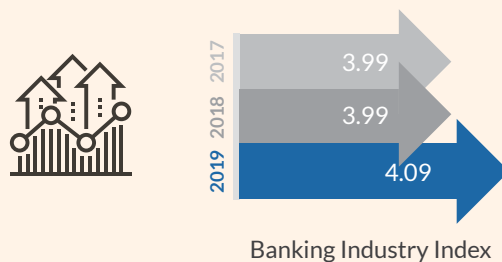
Customer Satisfaction Rate



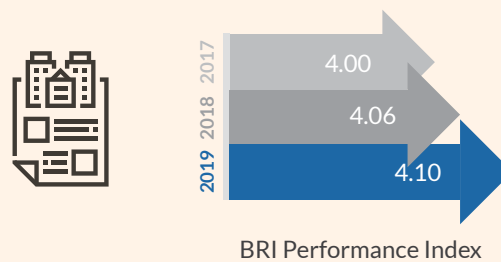
Customer Complaint Handling Rate



Customer Satisfaction Rate (Scale of 4)



Banking Industry Index



BRI Performance Index



Company Profile [102-16]



BRI is Indonesia's leading bank, and the first mover in application of sustainable finance principles in Indonesia.



Vision, Mission, and Values

BRI's Vision and Mission have been approved by the Board of Commissioners and Board of Directors based on Decree No. 403-DIR/CDS/05/2017 dated May 16, 2017.

Vision



Becoming the Most Valuable Bank in Southeast Asia and Home to The Best Talent.

Mission



1. To conduct banking best practices with a priority to serve micro, small, and medium enterprises in order to support the community's economic improvement.
2. To deliver service excellence to customers through:
 - a. Professional Human Resources with a performance-driven culture;
 - b. Reliable and future - ready information technology;
 - c. Productive conventional and digital networks, while adhering to principles of operational and risk management excellence.
3. To create optimal values and benefits for stakeholders with due observance to sustainable finance principles and Good Corporate Governance best practices.

Core Values



Integrity

Integrity is defined as always thinking, saying, and behaving in a commendable manner, upholding honor and abiding by rules. The value of integrity is shown by being transparent, honest and sincere, and obeying the rules.



Professionalism

Professionalism is defined as always being committed to work meticulously and accurately with excellent capabilities and responsibilities. The value of professionalism is shown by being a continuous learner with fairness.



Trust

Trust is defined as always fostering confidence and mutual trust among stakeholders for the progress of the Company. The value of trust is shown by being mutually respectful and upholding the Company's and Nation's interests.



Innovation

Innovation is defined as always taking advantage of capabilities and skills to find new solutions and ideas to create products/policies to resolve issues. The value of innovation is shown by being visionary and a pioneer in transformation.



Customer Centric

Customer Centric is defined as always placing customers as prominent mutually beneficial partners to grow sustainably. The value of customer centric is shown by providing services beyond customers' expectations wholeheartedly while also being collaborative.



Company Profile



Company Name [102-1]

PT Bank Rakyat Indonesia (Persero) Tbk



Activities, Brands, Products and Services [102-2]

Activities:

Banking and Financial Services

Products and Services:

Information regarding BRI products and services can be accessed through the website address <http://bri.co.id> and the Annual Report.



Date and Year of Establishment

December 16, 1895



Operating Area [102-4]

Covering 6 countries: Indonesia, USA (New York), Cayman Islands, Hong Kong, Singapore, and East Timor.



Legal Entity and Ownership [102-5]

Limited Liability Company.

Listed on the Indonesia Stock Exchange (IDX) on November 10, 2003

Stock Code: BBRI

Shareholding

- Government of Indonesia: 56.75%
- Public: 43.25%



Head Office [102-3]

BRI Center

Jalan Jenderal Sudirman Kav 44-46, Jakarta, 10210

Phone : (62-21) 251-0244, 251-0254, 251-0264, 251-0269, 251-0279

Fax : (62-21) 250-0077



Served Market [102-2][102-6]

Beneficiaries

general public, government and corporate.

Business segments

micro, small, medium and corporate groups.

Geographical segments

regions of Indonesia, Asia and the United States.

Significant Changes

1. Extraordinary General Meeting of Shareholders (EGMS) on Monday, September 2, 2019 in Jakarta, made a resolution to replace six members of the Board of Directors, including the President Director.
2. In the fourth quarter of 2019, BRI acquired a 90% stake in PT Asuransi Bringin Sejahtera Artamakmur (BRINS) from BRI Pension Fund. With the acquisition, the services and products offered to customers will be all-inclusive as BRINS is engaged in the general insurance business.

Disclosure of complete information about BRI's subsidiaries and share ownership in each subsidiary is presented in the Annual Report 2019, which was prepared and published separately.

Scale of Organization [102-7]

Description	Unit	2017	2018	2019
Total Employees	People	92,858	89,943	91,620
Net Profit		28,469	31,702	34,029
Revenues		117,368	129,117	143,852
Total Assets	Rp billion	1,076,438	1,234,200	1,343,078
Total Third Party Funds		803,327	898,033	969,7660
Total Capitalization				
Equity		165,047	181,019	203,665
Non Third Party Funds	Rp billion	108,064	155,149	169,662
Number of Operating Units	Unit	10,646	9,647	9,615

BRI Employees

BRI employees consist of permanent and contract employees, as well as trainees. All employees have been protected by the Collective Labor Agreement (CLA) 2017-2019. The number of employees as of December 31, 2019 was 91,620 people, an increase from 89,943 people in 2018. Employees who were members of the labor union by the end of 2019 were 44,259 people or 48.31% of all employees. This report does not include the number of outsourced workers employed by BRI at all work units, considering these offices are spread across the archipelago and overseas. [102-8][102-41]



Number of Employees by Employment Status and Gender [102-8]

Uraian	2017		2018		2019	
	♂ Male	♀ Female	♂ Male	♀ Female	♂ Male	♀ Female
Permanent Employees	41,020	19,744	41,246	19,700	41,599	19,897
Contract Employees	11,338	20,656	10,021	18,949	10,534	19,318
Trainees	76	24	13	14	164	108
Total	52,510	40,448	51,293	38,667	52,461	39,431
	92,858		89,943		91,620	



Number of Employees by Placement Location and Gender [102-8]

Description	2017		2018		2019	
	♂ Male	♀ Female	♂ Male	♀ Female	♂ Male	♀ Female
Jakarta Region	10,447	7,293	8,295	6,606	7,899	6,379
Sumatra Region	10,702	7,620	10,859	7,344	10,942	7,493
West Java Region	5,540	3,376	5,861	3,500	5,832	3,412
Central Java and Yogyakarta Region	7,984	7,047	8,297	6,739	8,503	6,534
East Java Region	6,997	5,901	7,035	5,633	7,206	5,837
Eastern Indonesia and Central Indonesia Region	10,699	9,158	10,902	8,835	11,882	9,662
Others	65	29	31	6	33	6
Total	52,434	40,424	51,280	38,663	52,297	39,323
	92,858		89,943		91,620	

Number of Employees by Education Level and Gender [102-8]

Description	2017		2018		2019	
	♂ Male	♀ Female	♂ Male	♀ Female	♂ Male	♀ Female
Elementary School	65	72	72	97	55	84
Junior High School	6	2	4	2	2	1
Senior High School	1,366	908	1,169	834	1,055	758
Associate degree	5,208	5,511	5,103	5,564	5,104	5,460
Bachelor's degree	44,615	33,588	43,842	31,835	45,080	32,687
Master's degree	1,165	340	1,080	327	989	328
Doctoral degree	9	3	10	4	12	5
Total	52,434	40,424	51,280	38,663	52,297	39,323
	92,858		89,943		91,620	

Principle of Prudence and Response to Climate Change

BRI realizes that all our banking and customers' activities are always related to environmental, social and governance aspects that can impact BRI's business performance. Particularly if there are customers' activities that cause a negative impact on the environment which can have an

impact on economic stability and social conflict. Therefore, BRI always runs our business activities by promoting the principle of prudence, both in raising and distributing funds to the public. The prudence principle is also applied as a response to the potential environmental damage, climate change and social conflict, which is carried out through Risk Management which

includes identification, measurement, mitigation, supervision and monitoring of social and environmental risks of the project or activity being funded. [102-11]

The response to climate change is also realized through compliance with external initiatives, including the preparation of a Sustainable Finance Action Plan based on FSA Regulation No.51/POJK.03/2017 on the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies; and issuance of sustainability bonds based on FSA Regulation No. 60/POJK.04/2017 on Issuance and Requirements of Green Bonds. [102-12]

Products, Services and Business

Activities [POJK51-3.d]

In general, BRI's products and services consist of savings products, loan products and financial services available across all parts of Indonesia.

Products		Services
Savings Products	Loan Products	
<ul style="list-style-type: none"> • Tabungan BRI BritAma • Tabungan BRI Junio & Junio • Rencana • Tabungan BRI Simpedes • Tabunganku • SimPel (Simpanan Pelajar) • Tabungan Haji • Deposito (Rupiah and Foreign Exchange) • Giro (Rupiah and Foreign Exchange) 	<ul style="list-style-type: none"> • Micro Credit <ul style="list-style-type: none"> • Kupedes • KUR Mikro • Consumer Credit <ul style="list-style-type: none"> • Mortgage (KPR) • Motor Vehicle Credit (KKB) • Credit Card • Commercial Retail Credit • Program Credit • Medium/Corporate Credit • BRIGuna 	<ul style="list-style-type: none"> • Cash Management System • Institutional Service • Business and Finance Service • E-Banking • International Business Service • BRIfast Remittance • Treasury Service • BRI Prioritas

Membership of Associations

BRI membership of organizations/associations is a form of contribution to public policies in the financial services sector that will be applied by the Government and regulators. We do not make any financial contribution to politics or politicians aside from regular membership fees.

[415-1]

Disclosure of complete information about products, services and business activities carried out by BRI until the end of the reporting period is presented in the Annual Report 2019 which is published separately from this Report.

Membership of Organizations and External Initiatives [102-12, 102-13]

Organization Name	Purpose	Membership Position
Association of State-Owned Banks (HIMBARA)	Developing the Indonesian capital market as an industry that can support the national economy.	Chairman
National Banks Association (Perbanas)	Formulating policies on banking.	Deputy Secretary General
Communication Forum for Compliance Directors (FKDKP)	A forum for information exchange about Bank Indonesia provisions/regulations and international banking standards.	Treasurer
Indonesian Payment System Association (ASPI)	Optimizing the function and professionalism in good corporate governance implementation.	Member of the Supervisory Board
Indonesian Sustainable Finance Initiative (ISFI)	Building business opportunities and synergy on sustainable finance among its members and supporting government efforts in climate change mitigation and the Sustainable Development Goals (SDGs) achievement.	Chairman



Board of Directors' Remarks [102-14]



BRI applies Sustainable Finance and supports the National Action Plan for Greenhouse Gas Reduction through digitalization and environmental, social and good governance financing.

Assalamualaikum Wr. Wb.
Peace be upon us all.

Dear stakeholders.

Praise and gratitude to God Almighty, for giving BRI the opportunity, despite the dynamics encountered during 2019, to realize our commitment to sustainability performance including the application of sustainable finance as BRI's support in the implementation of FSA Regulation No.51/POJK.03/2017 dated July 27, 2017 on the implementation of sustainable finance for financial service institutions, issuers and public companies.

BRI Policy in Responding to Sustainability and Climate Change

As a part of the First Movers on Sustainable Banking group, BRI realizes that it is not easy to apply the principles of sustainability, including its application to sustainable finance. Aside from the dynamics of the national economy that directly affects BRI's business, another challenge is some parties have not had awareness of the application of sustainability, environmental and social risk management.

Therefore, BRI has issued Decree of Board of Directors No.: S.05-Dir/EMP/ 07/2018 on Sustainability Policy of PT Bank Rakyat Indonesia Tbk, and No.: 17-Dir/DMR/04/2017 regarding the Sustainability Implementation Strategy of PT Bank Rakyat Indonesia (Persero) Tbk. These two rules are used as guidelines for both BRI's internal and external parties to jointly start the application of BRI's sustainability values, which emphasize green

banking activities to strengthen the bank's risk management capabilities, particularly those concerning the environment and promoting green financing portfolio improvement.

Through Decree No: S.118-DIR/EMP/02/2019 dated February 7, 2019, we also drafted and established the Sustainable Finance Action Plan or RAKB, as part of sustainability implementation. The action plan is aimed to support the achievement of BRI's performance which is oriented towards Sustainable Development Goals (SDGs). The preparation of the action plan was under the direct supervision of the Director of Risk Management and members of the Steering Committee to ensure the plans can be carried out according to the achievement targets.

In line with sustainability implementation through RAKB, BRI's contribution as a financial service institution in responding to climate change is to encourage financing in environmentally friendly business sectors/activities and the development of a product portfolio that will support the National Action Plan for Reducing Greenhouse Gas Emissions or RAN-GRK. BRI supports the RAN-GRK with BRIZZI as a non-cash payment instrument. It is in line with the change in lifestyle of millions of people who previously used private vehicles to switch to gas-based public transportation (TransJakarta) and electricity (Commuterline and MRT) with minimal GHG emissions.



The issuance of Sustainability Bonds worth USD500 milion was the actual support in the implementation of sustainable finance that makes BRI a leader in Indonesia.





The implementation of sustainable finance through financial literacy and inclusion will open access to financial services that reach more and more people in Indonesia



ESG Issues and Strategies to Achieve Sustainable Finance Performance Targets

Dear stakeholders,

The preparation of RAKB is our strategy in addressing issues on environment, social and governance (ESG) as the focus of sustainability implementation and SDGs. BRI manages ESG issues through four main aspects, consisting of green funding, portfolio mapping, efficient and environmentally friendly operations, as well as conducting education and training for employees, customers and the community to raise sustainable finance awareness.

During 2019, BRI succeeded in realizing target plans as well as evaluations for better achievement in 2020. One of them was the issuance of a US\$500 million Sustainability Bond and was the first environmental and social bond from an SOE or any financial institution in Indonesia. BRI's commitment to sustainability through the issuance of bonds has received positive responses from national and international capital market investors.

We channeled 57.3% of total credit for sustainable business activities. There were 12 sustainable business activities targeted for lending, comprising micro, small and medium enterprises (MSMEs), renewable energy, energy efficiency, pollution prevention and control, as well as the management of bio resources and sustainable land use. There were also efforts to conserve terrestrial and marine biodiversity, environmentally friendly transportation, sustainable management of water and

wastewater, climate change adaptation, eco-efficient, green buildings, and other environmentally friendly business activities.

Sustainable Business Opportunities and Prospects

Dear stakeholders,

The application of sustainable finance is closely related to the external influences on the financial services sector to begin participating in managing environmental, social and governance (ESG) issues. This was responded to by the Financial Services Authority by issuing policies for financial service institutions, issuers and public companies to integrate ESG risks into the economic/business aspects of their operations. The application of sustainable finance for BRI also opens opportunities and encourages the creation of sustainable economic growth that supports BRI's business development in the future. It is in line with the Government's policy to develop environmentally friendly sectors and activities.

The implementation of sustainable finance also increases financial literacy and inclusion, thus opening access to a wider range of financial services to the public. BRI has BRILink which is an expansion of a service in which BRI partners with customers as agents who provide banking transaction services to their community in realtime online. With more people having access to financial services, it will have a direct impact on the increase in the number of customers and savings, which increase the amount of potential credit to be distributed, including in the sustainable sectors and business activities.



Together for Future Sustainability

Dear stakeholders,
On behalf of BRI, we would like to thank all parties for their support in BRI's efforts to implement sustainability. Our collective hard work has earned appreciation from various parties and emphasized

BRI's position as a leading financial services institution in sustainability implementation.

We hope that BRI's sustainability performance and achievements in 2020 will improve with the support and hard work of all parties. We are

confident that the sustainability performance achievements can continue to be improved in the future, if we work and strive together to deal with the dynamics and developing issues on environmental, social and governance in the future, to ensure BRI is a sustainable business.

Wassalamualaikum Wr. Wb.
Peace be upon us all.

Sincerely,

Jakarta, January 2020

SUNARSO
President Director




Board of Commissioners' Approval Sheet on the Sustainability Report 2019

We, the undersigned, declare that all information in the Sustainability Report 2019 of PT Bank Rakyat Indonesia (Persero) Tbk has been delivered in accordance with FSA Regulation No. 51/POJK.03/2017 and we are responsible for the reliability of the contents of this report.

This approval sheet is made truthfully.

» Board of Commissioners



ANDRINOF A. CHANIAGO
(Komisaris Utama)



A. FUAD RAHMANY
(Independent Commissioner)



A. SONNY KERAF
(Independent Commissioner)



ROFIKOH ROKHIM
(Independent Commissioner)



HENDRIKUS IVO
(Independent Commissioner)



NICOLAUS TEGUH BUDI HARJANTO
(Commissioner)



HADIYANTO
(Commissioner)

Board of Directors' Approval Sheet on the Sustainability Report 2019

We, the undersigned, declare that all information in the Sustainability Report 2019 of PT Bank Rakyat Indonesia (Persero) Tbk has been delivered in accordance with FSA Regulation No. 51/POJK.03/2017 and we are responsible for the reliability of the contents of this report.

This approval sheet is made truthfully.

» Board of Directors



SUNARSO

(President Director)



CATURBUDI HARTO

(Deputy President Director)



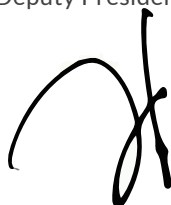
SUPARI

(Director of Micro Business)



PRIYASTOMO

(Director of Small, Retail and
Medium Business)



HANDAYANI

(Director of Consumer)



HERDY ROSADI HARMAN

(Director of Human Capital)



HARU KOESMAHARGYO

(Director of Finance)



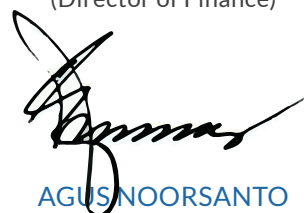
INDRA UTOYO

(Direktur Digital,
Teknologi Informasi dan Operasi)



AGUS SUDIARTO

(Director of Risk Management)



AGUS NOORSANTO

(Director of Institutional Relations
and SOE)



AZIZATUN AZHIMAH

(Director of Compliance)



AHMAD SOLICHIN LUTFIYANTO

(Director of Network and Service)



About Sustainability Report

PT Bank Rakyat Indonesia (Persero) Tbk, is the issuer of the Sustainability Report 2019, hereinafter referred to as “BRI” or “Bank” or “We” in this report.

BRI published the Sustainability Report 2019 as a report on sustainable finance performance for the period of January 1 - December 31, 2019 and accountability in delivering its Sustainable Finance Action Plan to stakeholders. The report is published annually and the previous report was published on May 15, 2019 which was used at the Annual General Meeting of Shareholders (AGMS) 2019. [102-50][102-51][102-52]



This report has been prepared in accordance with POJK.03/2017 on the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies, as well as other references, namely: [102-54]

- GRI Standards: Core Option and Financial Services Sector Supplement (FSSS)
- Sustainability Accounting Standard Board, especially reporting guidelines for commercial banks
- Sustainability Banking Assessment (SUSBA)



Contact Regarding the Report [102-53]

Hari Purnomo

Head of Corporate Secretariat Division

BRI I Building 15th Floor

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Jakarta 10210, Indonesia

Phone : +6221 575 2452

Facsimile : +6221 570 0961

Email : humas@BRI.co.id

Defining Report Content and Stakeholder Inclusiveness



“ Stakeholders, especially investors, are involved in improving the quality of our sustainability report by providing their feedback and responses ”

Scope of Reporting

The financial statement information in this report was collected from BRI work units, including overseas work units or UKLN, but did not include subsidiaries. Other information disclosures on the topics of waste management, emissions control and energy management, only covered BRI Head Office in Jakarta. The report did not reveal information from other places considering the operational offices were spread across all regions of Indonesia and overseas. [102-45][102-46]

» Independent Verification

BRI carried out the assurance process for the Sustainability Report 2019, to improve the credibility and quality of the report. The assurance process was carried out by a credible independent external party, SR Asia, an international certified assurance provider with reference to AA1000 Accountability Principles 2018. The selection of external assurers was in line with company policy and there was no conflict of interest with any party. The assurance process began with verifying the sample of documented evidence and confirmation to the sources involving the Risk Management Function and other related functions. The examination included compliance with the Financial Services Authority Regulation (POJK), GRI Index, SASB, and SUSBA presented at the later part of this report. [102-55][102-56]



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Licensed Assurance Provider
000-174

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Independent Assurance Statement

The 2019 Sustainability Report of PT Bank Rakyat Indonesia (Persero) Tbk

Number : 002/000-174/II/2020/SR-Asia/Indonesia
Type / Level : 1 / Moderate

Social Responsibility Asia or “SR Asia” has been engaged by **PT Bank Rakyat Indonesia (Persero) Tbk**, or “the Company” to assure its **2019 Sustainability Report** (“the Report”). The Company operates in financial services industry sector. It is a state-owned company and listed in Indonesia Stock Exchange.

The Company has developed the Report content referring to:

- Sustainability Reporting Standards of the Global Reporting Initiative (“the GRI Standards”) and its Financial Services Sector Supplement (“FSSS”)
- Regulation of Indonesia Financial Services Authority No.51/POJK.03/2017 on the Implementation of Sustainable Finance for the Financial Service Organizations and the Listed and Public Companies (“POJK 51”)
- Sustainability Accounting Standard for Commercial Banks version 2018-10 issued by the Sustainability Accounting Standards Board (SASB)
- Environment, Social and Governance (ESG) Integration Pillars of Sustainable Banking Assessment (SUSBA) developed by World Wildlife Fund (“WWF”)

SR Asia’s responsibilities to the Management¹ are to evaluate the Report content, come up with recommendations, and issue an Independent Assurance Statement (“the Statement”). The Management has its sole responsibility for presentation of disclosures, data and information in the Report content. SR Asia advises that NO ONE shall utilize the Statement as the basis for interpreting sustainability or overall performance of the Company, except for the areas covered in the scope of assurance. Moreover, SR Asia is only responsible to deliver assurance work and the Statement to the Management, and does not accept or assume any responsibility for any other purpose or to any other person or organization. Therefore, any dependence that third party has placed on the Report is entirely on its own risk.

Scope and Limitation

- Review, NOT to investigate or audit, sustainability performance disclosures as specified in the Report content for the reporting period of **1st of January up to 31st of December 2019**.
- Apply **Type 1** and **Moderate Level** of assurance; where **the risks of information and conclusions of the Report being error is reduced, but not reduced to very low, but not zero**.
- Primarily cover topics that have been identified as “highly material” (**economic performance and financial inclusion, product portfolio and performing loan, sustainable finance implementation, information and technology**) and “material” (**indirect economic impact, employment, customer data protection, anti corruption, investment, and local community**) by the Management.
- Evaluate the Company’s publicly disclosed information, system and process in order to ensure its adherence to the principles.

¹ “The management” refers to the management of the Reporting Organization or the Company

5. SR Asia's assurance work does NOT cover presentation of financial data, information, and figures in the Report. SR Asia assumes that any data and information related to financial statements have been verified and/or audited by the Company, or independent parties, or other parties associated to the Company.

Exclusion

1. Stakeholders' engagement, which may be involved in developing the Report.
2. Evaluation based on indicators or principles other than those mentioned in the Statement.
3. Financial performance data and information from the Company's documents other than those mentioned in the Report.
4. Presentation of opinion, belief, expectation, advertisement, and future planning in the Report by the Management.
5. Topics, data and information outside the reporting period, or in the public domain not covered in the reporting period.
6. Other topics, data and information outside the defining materiality section and discussion on defining Report content.

Methodology

1. Engage independent partner with experience in assurance work in Indonesia.
2. Initially assess the Report document submitted by the Company.
3. Meet the Management for two days to discuss initial findings and also to review disclosures, data and information as specified in the Report content.
4. Identify and trace back data and information to evidences.
5. Interview data contributors from different units or functions in the Company.
6. Utilize SR Asia GREAT in analyzing the Report content.
7. Evaluate presentation of data and information against the standards, principles, and indicators of AA1000AP (2018) AccountAbility, GRI Standards and its FSSS, POJK 51, SASB, and SUSBA.

Adherence to AA1000AP (2018) AccountAbility and GRI Standards

Inclusivity – Presentation of stakeholder groups in the Report content is fairly inclusive, except for the supplier or vendor stakeholder group that is not identified as significant by the Management. The Company indicates commitment to perform a comprehensive stakeholder engagement practices within various functions in the organization. However, its application is more practical than in strategic approach, and there are no disclosures or evidences whether the outputs of engagement are used to facilitate understanding, learning and improvement in all sustainability aspects of the Company.

Materiality – The ten material topics in the Report content are adequate in presenting the sustainability context of the Company. However, the Company has not yet performed materiality assessment to identify the key stakeholder groups and material topics. Compared to that of previous sustainability report, the exclusion of waste, emission and energy as topic materials in the Report content is impartially accepted and in line with the Company's sustainability strategy and initiatives that are more into financial inclusion and sustainable finance areas.



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000-174

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Responsiveness – The Company has actively engaged in various sustainability-related initiatives, such as the First Mover and the Indonesia Sustainable Finance Initiative called ISFI or “IKBI”. The Company also has mechanisms and procedures in place to respond the stakeholders’ grievances or expectations, such as the employee forum and the customers’ complaints mechanism and gathering. The Company’s initiative on the Partnership and Community Development Program demonstrates its responsiveness to Sustainable Development Goals (SDGs). Nevertheless, there are no disclosures in the Report content whether the Company considers the relationships between the maturity, impact and prioritization of topics and the appropriateness of the responses.

Impact – The Report content specifies fair presentation of disclosures, data and information that indicates the impacts of Company’s decisions, activities, products, and services on stakeholders and the environment. Presentation of impacts in the Report content is also supported by metric and qualitative information. However, the Company still needs to perform an impact assessment, especially on its social and community development initiatives, and integrate the results into key management processes.

In “Accordance” with Core Option – The Report content follows the **core option** of GRI Standards where minimum one disclosure of each material topic is applied in the Report. Nonetheless, disclosures of management approach (DMA) for each material topic as well as presentation of FSSS requirements need significant improvements for future reporting.

GRI Standards Principles – To some extent, application of the Principles for Defining Report Content (stakeholder inclusiveness, sustainability context, materiality, and completeness) and the Principles for Defining Report Quality (balance, comparability, accuracy, timeliness, clarity, and reliability) in the Report content is moderately accepted. The Report also clarifies if particular data and information cannot be disclosed due to Management discretion or system and data administration issue. During assurance work, the Company was able to present evidences or supporting documents.

Adherence to POJK 51, SASB and SUSBA

As per assurance work is taken, the Report content indicates moderate adherence to POJK 51. Some disclosures and data on environmental aspects required by POJK 51, such as biodiversity and emission, are not found in the Report content. In terms of the Report’s compliance against SASB and SUSBA, the Company is advised to increase its disclosures following SASB requirements and strengthen the alignment of business strategies and practices with different ESG aspects, such as human rights, labor rights, and the climate change risks and opportunities. In addition, the Company also needs to apply exclusionary principle that demonstrates commitment to sustainability and sustainable finance.

Recommendation

On the basis of SR Asia’s assurance methodology and procedures, the Company is suggested to:

1. Perform an adequate materiality assessment in line with stakeholder engagement practices based on AA1000 SES (2015) in order to identify material topics as well as the key stakeholder-groups.
2. Strengthen the alignment of its vision and mission statement with sustainability policy and strategy as well as sustainable business practices that have been performed by the Company.

3. Adopt and integrate more ESG aspects, such as human rights and labor rights as well as climate change risks and opportunities, into Company's operations including risk management, financing verification, supply chain assessment, and business evaluation.
4. Specify linkages between the Company's priorities toward SDGs and its sustainability strategy and initiatives.
5. Implement information technology that is integrated across functions in the Company in order to measure and communicate social and environmental performance, considering the approaches and methodologies of data measurement and presentation as indicated by reporting standards and principles.

Statement of Competency, Independency and Impartiality

SR Asia's Assurance Team is comprised of experts with experiences in writing and reviewing sustainability reports as well as integrated reports. The experts are familiar with the principles and standards of AA1000 AccountAbility, GRI Standards, International <IR> Framework, reporting standards of SASB, and others, and also the pertinent reporting regulation in the Country where the Reporting Organization operates.

SR Asia ensures that the members of Assurance Team do NOT have any relationships with the Company that can affect the ability to provide an independent and impartial statement. SR Asia verifies that sufficient mechanism and professional codes of practices are in place to ensure independency and free from bias and conflict of interest.

The assurance provider,

Jakarta, 14th of February 2020


Birendra Raturi
SR Asia International Director

Social Responsibility Asia (SR Asia)

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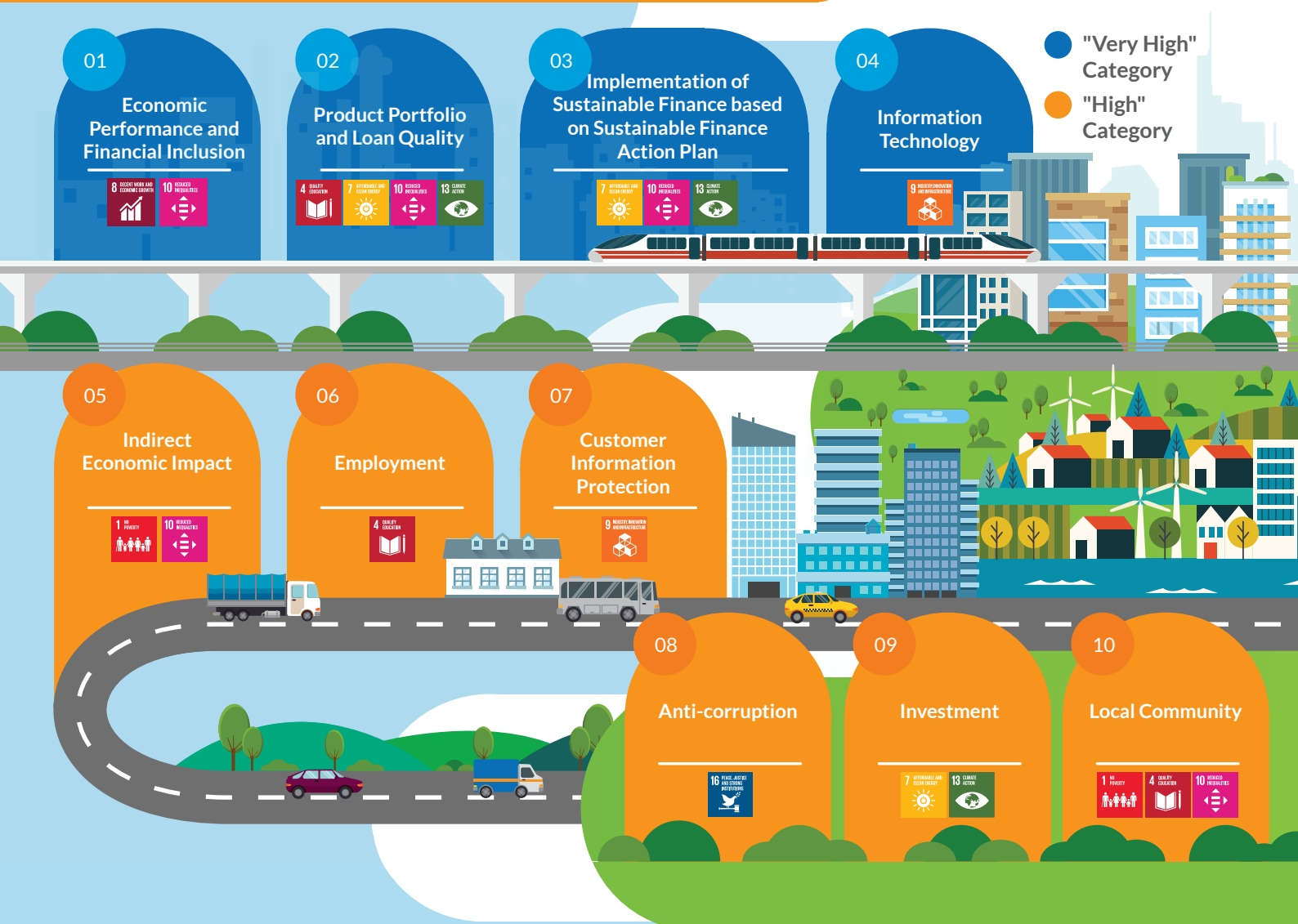


» Material Topics

Material topics are defined as those that have a significant impact on stakeholders' decision making. The material topics in this Report were the same as those set out in the preparation of the Sustainability Report 2018. This was due to business conditions in 2019 being similar to those in 2018. However, we made restatements on disclosure of certain information regarding financial data, education and training, following the dynamics in the implementation of sustainable finance. [102-47][102-48][102-49]

1. The topic of Waste/Effluent Management and Treatment was no longer material because the Company's business activities in the financial services sector were not directly related to this issue.
2. The topic of Investment has been combined with Product Portfolio and Loan Quality.
3. The topics of Energy Management and Emissions Control were combined into one topic described as the Company's support for efforts to reduce Greenhouse Gas (GHG) emissions.

Material Topics and Support for Sustainable Development Goals



Boundary & Impact of Material Topics on Stakeholders [102-47]



Sustainability Aspects Economy

Impact

Significant Information

Implementation of Sustainable Finance based on Sustainable Finance Action Plan

Material Topic

[FS1]

Policies on social and environmental components and their application in the Company's business.

→ Internal

1. Shareholders

→ External

1. Customers
2. Regulators
3. Investors

Significant Information

Economic Performance and Financial Inclusion

Material Topic

Economic Performance

→ Internal

1. Shareholders

→ External

1. Customers
2. Regulators
3. Investors
4. Community

Significant Information

Product Portfolio and Loan Quality

Material Topic

[FS6]

Percentage of the Company's business portfolio related to specific sectors.

→ Internal

1. Shareholders

→ External

1. Customers
2. Regulators
3. Investors
4. Community



Sustainability Aspects Environment

Impact

Significant Information

Investment

Material Topic

[FS8]

Financial Value of products and services designed to bring specific environmental benefits to each of the Company's business activities, according to their respective purposes.

→ Internal

1. Shareholders

→ External

1. Customers
2. Regulators
3. Investors



Sustainability Aspects Social

Impact

Significant Information Indirect Economic Impact

Material Topics

1. Indirect economic impacts.
2. Procurement practices.
3. **[FS7]**
The financial value of products and services that are designed to bring specific social benefits from each of the Company's business activities according to their respective objectives.

→ Internal

1. Shareholders

→ External

1. Community
2. Investors
3. NGOs

Significant Information Employment

Material Topics

1. Number of employees and turnover rate.
2. Average training hours per employee.
3. Safety of employees with high risks.
4. **[FS4]**
Increased staff competency for the implementation of social and environmental policies and procedures in the Company's business activities.

→ Internal

1. Employees

→ External

1. Regulators

Significant Information Local Community

Material Topics

1. Local community engagement and empowerment.
2. **[FS13]**
Access points in areas with population or economic constraints or the like.
3. **[FS14]**
Initiatives to develop access to financial services for constrained individuals.

→ Internal

1. Shareholders

→ External

1. Regulators
2. Investors
3. Community



Sustainability Aspects Social

Impact

Significant Information
Information Technology

Material Topic
Infrastructure investment and support services.

- **Internal**
1. Shareholders
- **External**
1. Customers
 2. Regulators
 3. Investors

Significant Information
Customer Information Protection

Material Topic
Protection and confidentiality of customer data.

- **Internal**
1. Shareholders
- **External**
1. Community
 2. Investors
 3. NGOs



Sustainability Aspects Governance

Impact

Significant Information
Anti-corruption

Material Topic

1. Anti-corruption policies and procedures.
2. **[FS8]**
The scope and frequency of audit for reviewing the application of social and environmental policies and risk assessment procedures.

- **Internal**
1. Shareholders
 2. Employees
- **External**
1. Customers
 2. Regulators
 3. Investors

Note

* Financial Service Sector Supplement Indicator



Management Approach to Material Topics and the Importance for Company Sustainability [102-47]



Implementation of Sustainable Finance based on Our Action Plan

- The Sustainable Finance Action Plan (RAKB) serves as a common guidance for sustainability implementation in the Company's business activities.
- BRI has established the RAKB 2018 – 2022, in which targets for achievement are set every year. In 2019, BRI has managed to realize those targets.
- RAKB implementation is under the supervision of Director of Risk Management and is evaluated every year.



Economic Performance and Financial Inclusion

- Economic performance achievement has a significant impact on BRI's business sustainability and is the basis for stakeholders, especially investors, in making decisions.
- Profit in 2019 reached 95.12% of the target.
- Economic performance is monitored by internal and external audit teams and is reported regularly.
- Financial supervision and management is the responsibility of the Director of Finance.



Product Portfolio and Loan Quality

- Developing product portfolio and loan quality is important to meet customer needs and support government programs.
- During 2019 BRI expanded cooperation with various parties to support the expansion of financial inclusion, and began to apply the principles of environmentally friendly investment as support for sustainable finance implementation.
- Product performance evaluation is the responsibility of Product Committee, who is also tasked with providing recommendations to the Board of Directors on BRI product development strategy.
- Product performance is evaluated every month.



Indirect Economic Impact

- BRI is committed to empowering business people and the community in each operational office area through the supply chain, and encouraging recipients of credit facilities to involve local and community businesses in their supply chain. Thus they can get indirect economic benefits from the presence of BRI.
- During 2019 BRI involved 333 business entities that were part of the BRI supply chain.
- Supply chain management occurs in the Division of Goods and Services Procurement, Fixed Asset Management, BRI Corporate University, and Contract and Outsourced Workers Management; who report to their respective directorates.
- The performance of supply chain management is evaluated regularly.



Information Technology (IT) Development

- Technology is one of the factors that highly support BRI's performance and achieving the vision of "Becoming the Most Valuable Bank in Southeast Asia".
- IT capital expenditure budget in 2019 was Rp3.5 trillion, to modernize infrastructure, core banking, digital banking, big data, and cloud.
- Technology utilization and development is the responsibility of the Director of Information Technology.
- Technology development is evaluated of at any time needed.



Employment

- Human capital plays an important role in improving performance and realizing the Company's strategic targets.
- BRI already has Human Capital Framework.
- The HR management system implementation is monitored by the Human Capital Policy and Development Division and under the supervision of the Director of Human Capital.
- BRI regularly evaluates performance of employees at all levels.



Protection of Customer Information

- BRI places customer information protection as a priority because it affects the Company's reputation, according to Service Division Letter No.B.425-LYN/KPO/05/2015, dated May 5, 2015.
- BRI has established a complaint mechanism to resolve complaints. Until the end of 2019, the customer complaint resolution rate reached 98.93% of total complaints received by the Company.
- Development of service quality is the responsibility of the Service Division under the Director of Networks and Services.
- BRI regularly evaluates the implementation of customer protection, including by conducting an annual customer satisfaction survey.



Anti-corruption

- BRI's main activities are closely related to financial traffic flow, therefore anti-fraud/anti-corruption commitments significantly affect the Company's sustainability.
- BRI's anti-fraud commitment is realized by implementing the four pillars of anti-fraud strategy stipulated in Board of Directors' Decree No.S.05 -DIR/MOP/03/2018 on anti-fraud strategy policy, dated March 29, 2018.
- Internally, BRI requires Directors, Commissioners, management and all employees to sign the anti-fraud commitment. Externally, BRI continues to improve technology to prevent practices of fraud.
- BRI provides legal assistance for employees who face legal cases from third parties over alleged fraud in carrying out their duties, responsibilities and obligations. Legal assistance and protection does not apply if the employee becomes the party being reported by the Company and/or has been found guilty by the Company.
- BRI's internal supervision on fraud is the responsibility of the Compliance Division under the Compliance Director. BRI also includes the Directorate of Digital Banking and Information Technology to prevent fraud by external parties.



Investment

- In 2019 BRI also developed environmentally friendly sustainable financing/green investment products.
- Implementation of sustainable finance programs is the responsibility of the Business Division.
- Evaluations are conducted periodically by involving parties who receive sustainable financing facilities.



Local Community

- The sustainability of BRI's business is partly due to the support of the community around the operating offices across the regions of Indonesia. As a form of concern for the community, BRI is committed to implementing corporate social responsibility (CSR) through the Partnership and Community Development Program or PKBL.
- The realization of CSR funds in 2019 reached Rp226.58 billion, the realization of PKBL funds in 2019 was Rp558.59 billion.
- The Partnership Program activities are carried out by the Small Business and Partnership Division and reports to the Director of Micro & Small Business. The Community Development activities are carried out by the Corporate Social Responsibility Section, the Public Relations & CSR Bureau under the Corporate Secretariat Division and reports to the President Director.
- CSR and PKBL programs implementation are evaluated periodically by involving stakeholders who are the target beneficiaries.

BRI is leading in the development of environmentally friendly sustainable financing/green investment products



Sustainability Governance

“As the first mover bank for sustainable finance implementation, BRI continues to strengthen the structure of sustainability governance under the Director of Risk Management, who is in charge of sustainable finance application.”



Governance Structure

BRI's Governance Structure consists of: [102-18]

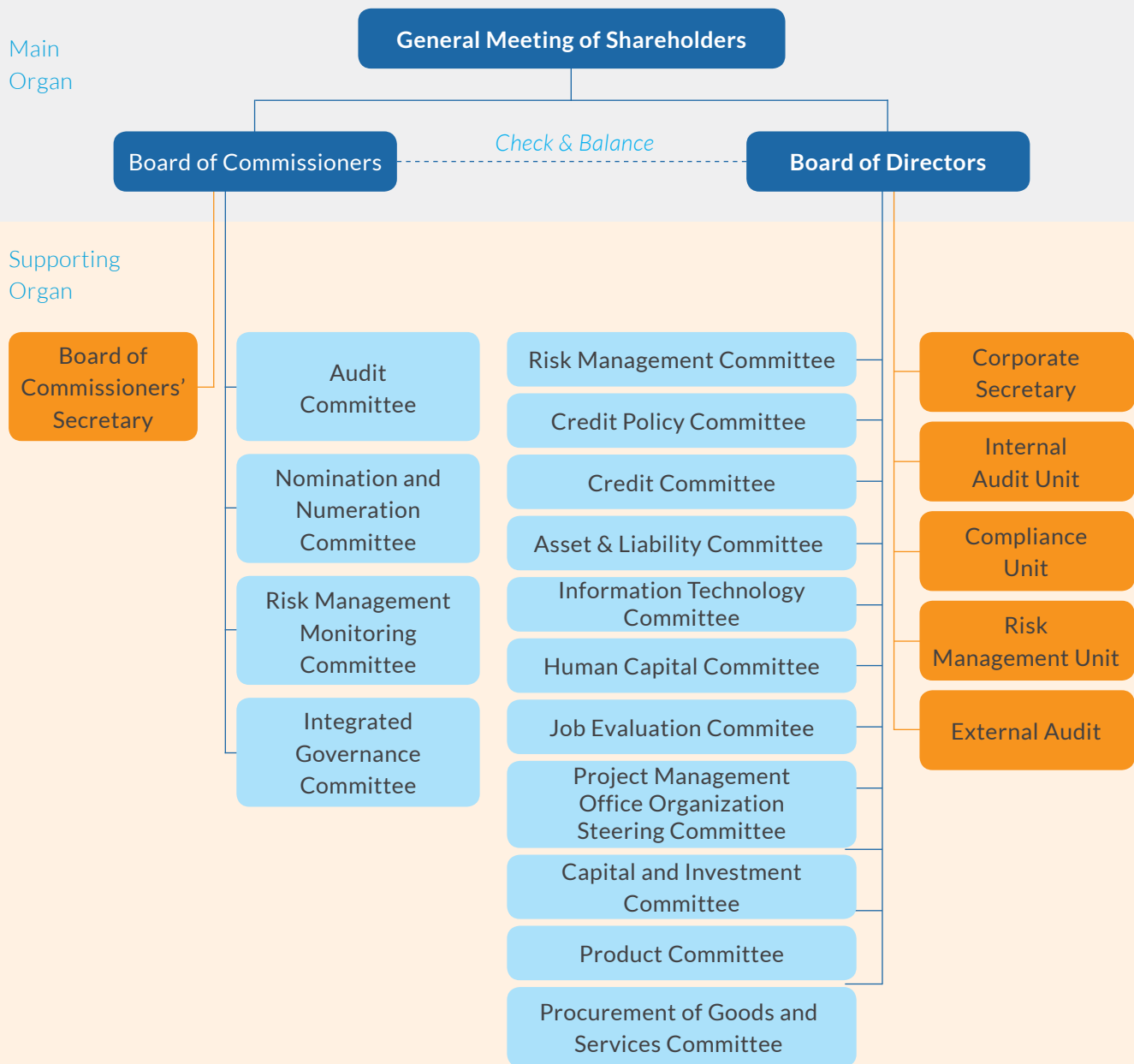
- Main Organs, comprising General Meeting of Shareholders (GMS), Board of Commissioners and Board of Directors.
- Supporting Organs, comprising Committees under the Board of Commissioners, Committees of the Board of Directors, and Work Units that support GCG implementation.

In line with sustainable finance implementation, BRI strengthened the Company's sustainability governance structure. In accordance with the resolutions of the Extraordinary General Meeting of Shareholders (EGMS) held on September 2, 2019 in Jakarta, the Shareholders appointed new members of Board of Commissioners and Board of Directors, and changed the nomenclature of the four directorates. These changes aimed to support the Company's sustainability. Disclosure of information and a complete description of the changes, composition and profile of each member of the Board of Commissioners and Board of Directors, were delivered separately in the Annual Report 2019.

Changes in Nomenclature of Directorates Based on EGMS Decision on September 2, 2019 ^[102-10]

Previously	Present
Director of Micro and Small	Director of Micro Business
Director of Retail and Intermediate	Director of Small, Retail and Medium Businesses
Director of Institutional Relations	Director of Institutional Relations and SOEs
Director of Information Technology and Operations	Director of Digital Banking, Information Technology and Operations

Governance Structure After EGMS on September 2, 2019





The implementation of clean business practices, preventing fraud and corruption is support for the sustainable development goals, of Peace, Justice and Strong Institutions

Sustainability Governance

Sustainable finance implementation is the duty and responsibility of all members of Board of Directors, based on their respective duties and responsibilities according to distribution of duties, responsibilities and authority. Disclosure of such information of each director is presented separately in the Annual Report 2019 of PT Bank Rakyat Indonesia (Persero) Tbk.

The preparation of the Sustainable Finance Action Plan or RAKB was supervised directly by the Director of Risk Management, with members of the Steering Committee consisting of the Director of Finance, Director of Corporate Business, and Director of Compliance, and assisted by the Sustainable Finance (SF) Team. The SF Team consists of EMP Division, CDS, SKP, BUMN 2, Agribusiness, Retail and Medium Business, Compliance Division, Credit Risk Analysis (ARK) Division, and KRD Division, and Internal Audit Unit. The Director of Risk Management also acts as the person in charge of the sustainable finance program. The person in charge of the activity is adjusted to the description of the activity's priorities and targets, as stated in the Sustainable Finance Roadmap 2019-2023. [102-18][POJK51-5.a]

The Enterprise Risk and Portfolio Management (EMP) Division acts as the Coordinating Division in managing the implementation of Sustainable Finance at BRI, as stated in the Division's KPIs on BRI's Sustainable Finance Implementation and Reporting. The KPIs are translated into the following duties and responsibilities of the division:

1. Managing Sustainable Finance activities
2. Preparing the Sustainable Finance Action Plan
3. Formulating policies on Sustainable Finance
4. Ensuring the implementation of Sustainable Finance is based on RAKB
5. Preparing the Sustainability Report

Sustainable Finance Competencies [POJK51-5.b]

During 2019 BRI enrolled Directors in various activities to improve their competencies, both in sustainable finance and sustainability performance on economic, social and environmental topics. The Company also encouraged Company officials at various levels within the organisation, to improve their competencies in sustainable finance implementation and sustainability performance.

Support for Anti-Corruption and Gratification Control

BRI is committed to implementing clean business practices and strives to prevent fraud and corruption, for the achievement of Goal 16 of SDGs. We encourage employees to participate in prevention of all forms of fraud. During 2019, BRI held dissemination and training on anti-fraud policies which were attended by 70,726 employees or 69.23% of total employees.

BRI has not been able to present data on anti-corruption dissemination and training in more detail, such as that based on employee and region categories. [205-2]

As of the end of 2019, all members of the Board of Commissioners and Board of Directors have fulfilled the obligation to submit the State Officials' Asset Report or LHKPN to the Corruption Eradication Commission or KPK. Other structural officials at BRI whom were required to submit LHKPN have also met the obligation.

Compliance Level of LHKPN Obligation

No	Total	LHKPN Obligation	Report Submitted		Report Not Yet Submitted	
			Total	%	Total	%
1	Board of Commissioners	8	8	100%	-	-
2	Board of Directors	12	12	100%	-	-
3	Structural Officials	287	282	98.26%	5	1.74%
	Total	307	302	98.37%	5	1.63%

We established the Gratification Management Unit, as a follow-up to the implementation of the Joint Decree of the Board of Commissioners and Board of Directors of BRI No.: 03-KOM/BRI/03/2017 and No.: S.11-DIR/DKP/03/2017 concerning Guidelines for Gratification Control. By the end of 2019, BRI has received 225 reports on gratification. BRI conducted in-house training to raise awareness on rejecting and reporting gratifications for 774 employees at all regional offices and e-learning on gratification control which was participated in by 79,668 employees.

Enforcing Code of Conduct

BRI's Code of Conduct Policy is stipulated in the Joint Decree of the Board of Commissioners and Board of Directors, Number: B.06-KOM/BRI/12/2013/S.65-DIR/DKP/12/2013 dated December 16, 2013 concerning Policies on the Code of Conduct of PT Bank Rakyat Indonesia Persero (Tbk). BRI does not tolerate any violation of the Code of Conduct. All violations will receive penalties in accordance with the Decree of the Board of Directors, No.: S.152-DIR/SDM/05/2009 dated May 11, 2009 on Disciplinary Regulations. [102-16]

During 2019, a total of 269 permanent employees and 7 contract employees were reported due to alleged violations of the Code of Conduct. BRI provides legal assistance for employees who face lawsuits from third parties on alleged fraud while conducting their duties, responsibilities and obligations. Legal assistance and protection does not apply if the employee is the party being reported and/or has been found guilty by the Company. Provisions regarding legal protection are stipulated in the Decree of the Board of Directors No.: S.53-DIR/HKM/08/2013 and Collective Labor Agreement (CLA) 2017-2019 Chapter XIII concerning Rights, Obligations, and Prohibitions.

In 2019, out of the total fraud cases that have been resolved, 11 employees were given written warnings, 11 employees received written reprimand, 10 employees were demoted by 1 grade, and 8 employees were demoted by 2 grades, and 76 employees were dismissed due to disciplinary violation cases.

BRI Code of Conduct

- Compliance with Laws and Bank Policies
- Relationships with Stakeholders
- Relationships with the Community and Environment
- Company Relations with Bank Personnel
- Confidentiality of Bank Information
- Bank Reporting Integrity and Accuracy
- Conflicts of Interest
- Political Contributions and Activities
- Gifts



Number of Follow-Up of Alleged Fraud Cases by BRI Employee

Description	2017		2018		2019	
	Permanent Employee	Non-permanent Employee	Permanent Employee	Non-permanent Employee	Permanent Employee	Non-permanent Employee
Resolved	136	89	171	97	116	2
In Settlement Process	6	56	41	26	30	5
No follow-up yet	142	145	212	123	123	0



Violation Reporting System [102-17]

The violation reporting system is implemented based on Board of Directors Decree No: S.08-DIR/KPT/05/2018 concerning the Whistleblowing System of PT Bank Rakyat Indonesia Tbk (Persero). The whistleblowing system (WBS) management is under the President Director and is monitored by the Board of Commissioners through the Audit Committee.



Channels provided to file reports are:

- PO BOX 1895 JKP 10900
- SMS 0811 8200 600
- Email: whistleblower@corp.bri.co.id
- Website: www.bri.co.id/whistleblowing-system.

In 2019, BRI received 134 complaints comprising 297 violations and 208 of which have been followed up. The number of complaints has increased compared to 2018, which indicated the effectiveness of WBS for its higher capability of detecting violations.

Classification of Complaints on Violation Indications in 2019

Description	Number of Violations	In Process	Resolved
Fraud	107	34	73
Unlawful Acts	0	0	0
SOP Violation	140	42	98
Violation of Code of Conducts and GCG	29	13	16
Violation of Ethics	21	0	21
Unsafe Behavior	0	0	0
Total	297	89	208

WBS Reporting and Follow Up

Description		2017	2018	2019
Follow Up	Number of Reports	113	180	297
	Proven	45	98	77
	Not Proven	68	78	128
	Unable to be followed Up	-	-	-



» Stakeholders

Stakeholder engagement is identified through a proximity approach and the power to influence and be influenced by the Company. BRI's stakeholders consist of investors, customers, employees, local communities, government and non-governmental organizations. BRI approaches

stakeholders according to the topics of each stakeholder's needs. The topics are determined based on management assessment results, compliance with regulations and direct approaches to each stakeholder through face-to-face communication or surveys. [102-40][102-42][POJK51-5.d.1][POJK51-5.d.2]

Identification of Needs and Stakeholder Approaches [102-43] [102-44] [POJK51-5.d.1][POJK51-5.d.2]



Stakeholders Local Community

Topics

- Information on access and financial education.
- Empowerment and welfare improvement.
- Access to education and cultural development.
- Provision of infrastructure
- Financial Inclusion
- Local Community Development.

Engagement Method and Approach Frequency

- Visits and communication with the community, according to their needs and interests.
- Implementation of Corporate Social Responsibility (CSR) programs, through the Partnership and Community Development Program (PKBL).

Company Response

- Opportunity to become BRILink Agents.
- Assistance in coaching and mentoring partners.
- Infrastructure development assistance.
- Community and social assistance (BRI Peduli) in education, culture and religion, humanity and environment.



Stakeholders Customers

Topics

- Customer data and information protection.
- Product and service needs.
- Information about products, services and the Company.
- Complaint handling.
- Technology and Information on Anti-corruption.

Engagement Method and Approach Frequency

- Customer visits, conducted as needed.
- Customer gathering and customer satisfaction survey, at least once a year.

Company Response

- Product, service and service innovations according to the needs and development of technology.
- Provision and delivery of information on products, and services.
- Customer data storage and protection according to regulations.
- Provision of customer care services both manually and digitally based, and their solution mechanism.
- Dissemination of sustainable finance implementation



Stakeholders Employees

Topics

- Certainty and protection of employment relations.
- Welfare and fulfillment of normative rights.
- Competency and career development.

Engagement Method and Approach Frequency

- Meeting between management and labor unions, at least once a year.
- Family gathering, at least once a year at the commemoration of BRI's Anniversary.
- Performance improvement forum, at least once a year.
- Gathering at celebrations and observance of religious holidays.

Company Response

- Preparation of Collective Labor Agreement (CLA). Organizing training and competency development for employees, as well as establishing an assessment center.
- A conducive and productive work environment.
- Periodic reviews and surveys of employee welfare.



Stakeholders

Investors

Topics

- Implementation of organizational governance.
- Economic performance .
- Social performance.
- Environmental management performance, including energy, emissions and waste
- Performance reporting
- Product portfolio and loan quality
- Sustainable finance implementation
- Anti-corruption
- Investment opportunities.

Engagement Method and Approach Frequency

Periodic meetings, at least once a year.

Company Response

- Providing information on BRI performance periodically.
- Direct communication or through analysis, to ensure the delivery of material information.
- GMS.





Stakeholders

Government

Topics

- Compliance with laws.
- Commitment to regulators/banking authorities.
- Continuous communication.
- Clear, accurate, comprehensive and timely reporting.
- Financial Inclusion
- Product portfolio and quality loans
- Sustainable finance implementation
- Indirect economic impact
- Anti-corruption.

Engagement Method and Approach Frequency

- Meeting with regulators/authorities, as needed.
- Involvement in local government activities, as needed.

Company Response

- Adjustment of internal policies and regulations, according to regulations issued by the government.
- Implementation of GCG principles in all units.
- Submission of performance reports and implementation of other activities: Annual Report, Sustainability Report, PKBL Reports, and other reports.



Stakeholders

Non-governmental Organizations (NGOs)

Topics

- Compliance with laws.
- Commitment to social and environmental responsibility (SER or TJSL).
- Social performance.
- Environmental management performance, including energy, emissions and waste.
- Knowledge of ESG risks on funded business activities.

Engagement Method and Approach Frequency

Communication

Company Response

Provision of information and delivery of performance reports and implementation of other activities: Annual Report, Sustainability Report, PKBL Report, and other reports.

» Local Party Engagement

BRI is committed to involving local parties in the business processes of sustainable finance. Local party engagement is carried out through two mechanisms.

1. Engaging local businesses in the supply chain of goods and services procurement. Information about this is disclosed in the Supply Chain and Procurement Practices subject on page 112 of this report.
2. Engaging the community around the regional and branch offices in the empowerment and lending programs for Micro, Small and Medium Enterprises (MSMEs). The information about this is disclosed in the MSME Development subject on page 66 of this report and in the Empowerment and Community Development subject on page 113 of this report.

Obstacles, Challenges and Opportunities [POJK51-5.e]

The main challenge faced in implementing sustainable finance during 2019, was the lack of corporate understanding of the importance of managing environmental and social risks. There were still many corporations that have not been able to meet the required social and environmental risk management criteria for their business activities' financing. On the other hand, BRI saw great opportunities in sustainable finance for businesses and projects with environmental and social orientation, in line with the growing awareness to respond to climate change and support to achieve SDGs.

Another challenge was the lack of knowledge of the sustainable finance application in banks, therefore BRI

supported the effort to get a common understanding through the Indonesian Sustainable Finance Initiative (ISFI or IKBI). On the other hand, this situation brought opportunities for cooperation and synergy in banking, to jointly finance sustainable projects that require large long-term funding.

BRI also paid attention to other challenges in the need to increase the human capital's knowledge and competencies about sustainable finance principles. During 2019, BRI held various education/training activities to change the employees' way of thinking that banking business activities are related to economic, environmental and social performance.



LEADING IN REALIZING SUSTAINABLE BANKING

BRI is committed to strengthening sustainable finance and contributing more to achieve the Sustainable Development Goals (SDGs), through sustainability implementation and management of Environmental, Social and Governance (ESG) issues in economic performance.

Based on material topics that have been determined, the disclosure of economic information covers the Sustainable Finance Action Plan (RAKB); Economic Performance and Financial Inclusion; Product Portfolio and Loan Quality; and Digital Banking Transformation and Customer Information Protection.





Sustainable Finance Action Plan

The RAKB preparation is under the direct supervision of Director of Risk Management and members of the Steering Committee to ensure the plans are carried out according to the achievement targets

BRI has prepared and established the Sustainable Finance Action Plan, referred to as RAKB, as a guideline for Sustainable Finance (SF) implementation. The RAKB preparation was directly supervised by the Director of Risk Management, with members of the Steering Committee consisting of the Director of Finance, Director of Corporate Business, Director of Small, Retail & Medium Business, Compliance Director, assisted by sustainable finance team from the EMP Division, CDS, SKP, BUMN 1 and 2, Agribusiness, Retail and Medium Business, Compliance Division, ARK Division, KRD Division and BRI internal audit unit. The Enterprise Risk and Portfolio Management Division acts as the coordinator of the SF Team. [102-18]

The RAKB was established based on the Board of Directors' Decree No.: S.118-DIR/EMP/02/2019 dated February 7, 2019. Throughout 2019, BRI has established various policies and efforts to optimize RAKB implementation:

1. Establish mapping and criteria for debtors.
2. Debtors who are not listed on the black list issued by the Government or company associations.
3. Debtors must have complete permits including an environmental impact assessment (EIA or Amdal) document and PROPER from the Government. Debtors of palm oil companies must hold an ISPO or RSPO certificate.
4. Dissemination on sustainable finance for customers is carried out to raise awareness in order to be able to meet the specified criteria or certifications immediately. During 2019, dissemination was held for 120 medium and corporate debtors.
5. BRI's internal dissemination included employee education and training, through e-learning with material on Introduction to Sustainable Finance and in-house training on Sustainable Finance.
6. BRI is active in holding Directors and CEO meetings with ISFI to increase capacity and related knowledge on sustainable finance through the CEO Dialogue initiative which is held at least once a year.
7. Together with ISFI and WWF-Indonesia, BRI is actively involved in organizing and participating in various sustainable finance-themed activities, including ISFI quarterly consolidation meetings and themed workshops (UNEP FI Principles for Responsible Banking, Green Climate Fund, Sustainable Infrastructure, Renewable Energy, and ISFI Conference on Finance sector movement towards a climate resilient economy held in collaboration with the Indonesia Stock Exchange (IDX) and the National Bank Association (PERBANAS).



Portfolio of Criteria for Sustainable Business Activities

Description/Year	2019	
	Total	Rp billion
Number of Products with sustainable business criteria		
a. Funding	3	10,530
b. Lending	1	492,874

BRI has made the development and innovation of sustainable finance products a reality through the issuance of sustainability bonds

SUSTAINABILITY BOND ISSUANCE

In March 2019, BRI issued a 5-year Sustainability Bond worth USD500 million. The issuance was held at Singapore Exchange Securities Trading Limited (SGX-ST), which was one of the RAKB realizations and an alternative source of BRI's funding for sustainable project/activities financing. This issuance has fulfilled the ASEAN Sustainability Bond Standards 2018, Sustainability Bond Guidelines, Social Bond Principles, Green Bond Principles, and ICMA Standards which was most recently issued by the International Capital Markets Association (ICMA) in June 2018.

The issuance of Sustainability Bonds received a positive response from investors and was oversubscribed. Investor buying interest reached more than US\$4.1 billion, resulting in an oversubscription rate of more than 8 times. It indicated the confidence of global investors in BRI's commitment to implement sustainable finance.

In accordance with the purpose of this issuance, BRI used the funds to finance or refinance, in full or in part, sustainable projects/activities that have a positive environmental and/or social impact. The sustainable projects/activities are financed by taking into consideration efforts to achieve the Sustainable Development Goals (SDGs).



Social Project Category

8 DECENT WORK AND ECONOMIC GROWTH



Access to essential services, which refers to the financing of public healthcare centres, public schools and vocational training centers for all people in Indonesia, independent of age, socio-economic status, gender, ethnicity, religion or disability.

8 DECENT WORK AND ECONOMIC GROWTH



Employment generation, including the potential effects of financing MSMEs as defined under Law Of The Republic Of Indonesia Number 20 Year 2008 regarding Micro, Small, And Medium Enterprises.

10 REDUCED INEQUALITIES



Socioeconomic advancement and empowerment for underbanked or nonbankable communities and individuals based on (i) products with interest rates below than minimum commercial local lending rate, or (ii) KUR Loans as defined under Regulation of the Coordinating Minister for Economic Affairs as Chair of the Financing Policy Committee for Micro, Small and Medium Enterprises No 11/2017.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Affordable basic infrastructure, which refers to public clean drinking water infrastructure and sewers system, sanitation infrastructure, and public electricity infrastructure to increase access to electricity.

11 SUSTAINABLE CITIES AND COMMUNITIES



Affordable housing, which refers to development of affordable houses or housing loans for low-income communities, each in line with the definition of low-income population under Decision of the Minister of Public Works and Public Housing of the Republic of Indonesia Number 552/KPTS/M/2016.



Green buildings, which refers to new construction or the renovation of residential or commercial buildings that (i) earn or have earned any of the following certifications: Building Research Establishment Environmental Assessment Model ("BREEAM") Excellent or above; Leadership in Energy and Environmental Design ("LEED") Gold or above, or the equivalent levels from the Green Building Council Indonesia, or (ii) improvements in the energy efficiency of manufacturing facilities by more than 15% compared to the baseline.



Renewable energy, which refers to the acquisition, development, operation or maintenance of new and ongoing generation or transmission of renewable energy activities, including offshore and onshore wind, solar, tidal, hydropower (≤ 25 MW) and geothermal ($< 100\text{g CO}_2/\text{kWh}$) projects.



Pollution prevention and control, which refers to reduction of air emissions, greenhouse gas control, waste prevention, or waste management, which include re-use and recycling, such as projects that recover or reuse materials and waste as energy or input into new products or as a resource.



Environmentally sustainable management of living natural resources and land use, which refers to environmentally sustainable agriculture, environmentally sustainable animal husbandry, environmentally sustainable fishery and aquaculture or environmentally sustainable forestry, in particular certified as or with the EU Organic label, EU Ecolabel, USDA Organic label, Aquaculture Stewardship Counsel label, Marine Stewardship Counsel label, Rainforest Alliance Certified, UTZ Certified, or Fairtrade.



Clean transportation, which refers to the building or operating of electrified transport, urban metro, rail, and non-motorised, multimodal transportation (such as bicycle lanes and walking routes), or the construction of infrastructure to support mass transportation, including depot and maintenance facilities, signaling equipment, platform gates, and facilities required for safe, clean and efficient operation or other enabling infrastructure that promotes sustainable transportation).



Sustainable water and waste water management, which refers to infrastructure that improves water quality, efficiency or conservation, including the installation or upgrade of infrastructure for clean and/or drinking water, water recycling or wastewater treatment facilities, infrastructure and flooding mitigation systems such as sustainable urban drainage systems and river training, or water metering activities to support water conservation initiatives.



Uses of Sustainability Bond Funds 2019

Eligible Category	Amount Allocated		Composition (%)
	(Rp Trillion)	(USD Million Equ.)*	
Employment Generation (<i>Kupedes</i> Loan)	2,193	207	41.3
Socioeconomic Advancement and Empowerment (Micro KUR Loans)	3,015	212	42.5
Affordable Housing	40	3	0.56
Green Transportation	525	37	7.5
Green Buildings	585	41	8.2
Total	7,100	500	100

*USD/IDR = Rp14.200,-

Financing for sustainable projects/activities has positive social and environmental impacts across the regions of Indonesia.

- Kupedes loan disbursement to micro, small and medium enterprises (MSMEs) has created jobs for more than 65,000 workers, with the highest disbursement (37%) in Sulawesi and Maluku.
- Micro KUR loan disbursement to support the development of unbankable MSMEs, was estimated to have created more than 180,000 jobs. The highest disbursement (22%) was in Bali, West Nusa Tenggara and East Nusa Tenggara.
- Affordable housing, has been able to realize house ownership for low-income communities, with the highest number (45%) in Sulawesi and Maluku.
- Financing for clean transportation in three railway projects was expected to be able to carry 84.5 million passengers per year with an estimated carbon emissions reduction reaching 8,950 tons of CO₂.
- The financing of green building construction has delivered environmentally friendly buildings with Platinum certification from the Green Building Council Indonesia.

Positive Social and Environmental Impacts of Sustainable Projects/Activities

Projects/Activities	Positive Social and Environmental Impacts
Employment Generation (<i>Kupedes</i> Loan)	<p>Support the development of micro small and medium enterprises (MSMEs). Job creation for more than 65,000 workers distributed by region:</p> <ul style="list-style-type: none"> • Sulawesi Maluku 37% • Bali, NTB, NTT 19% • Kalimantan 19% • Jawa 12% • Sumatra 5% • Others 6%
Socioeconomic advancement and empowerment (Micro KUR loans)	<p>Support the development of MSMEs and become a liaison for un-bankable business activities.</p> <p>Job creation for more than 180,000 workers distributed by region:</p> <ul style="list-style-type: none"> • Bali, NTB, NTT 22% • Jawa 22% • Sulawesi Maluku 20% • Sumatra 19% • Kalimantan 13% • Others 4%

Positive Social and Environmental Impacts of Sustainable Projects/Activities

Projects/Activities	Positive Social and Environmental Impacts
Affordable Housing	1,200 low income people have been able to have access to home ownership through a subsidized lending mechanism with distribution by region as follows: <ul style="list-style-type: none"> • Sulawesi Maluku 45% • Sumatra 22% • Jawa 15% • Bali, NTB, NTT 5% • Kalimantan 5% • Others 8%
Green Transportation	Support for 3 rail projects with a total of 145 km and an expected 84.5 million passengers carried per year An estimated 8,590 tons of CO ₂ prevented or reduced per year.
Green Buildings	A new building with "Platinum" level of the GREENSHIP by the Green Building Council Indonesia.

Selection and Evaluation

BRI performs evaluation of projects/activities for financing or refinancing. During the process BRI decides the projects are qualified if they have positive environmental and/or social impacts. Bank BRI has developed a two-step approach for project evaluation and selection:

- First selection by relevant business units through screening of projects with feasibility and exclusion criteria as well as predetermined exclusions.
- Final decision and approval is based on assessments made by the EMP Division, Assets & Liabilities Division, and the Treasury Business Division.

BRI conducts continuous monitoring of each project/activity funded by the proceeds of the bonds and the results are reported periodically through internal mechanisms in accordance with BRI's channels. BRI reports funding allocations within one year. The report is published annually and describes the number of assets that qualify based on the project category, and the remaining balance of the results not allocated at the end of reporting period. The Annual Report 2019 was reviewed by Sustainalytics to ensure that BRI has used funds from the issuance of Sustainability Bonds in line with BRI's framework.

Management of ESG Issues

BRI in general managed to meet targets in the RKAB for 2019. This was mainly due to the management of ESG issues that could affect BRI's business during the reporting period, thus supported the implementation of sustainability and sustainable finance.

Management of ESG Issues

Project/Activity	Positive Social and Environmental Impact
Environment	Greenhouse gas (GHG) emissions and climate change. Renewable energy development.
Social	Product and business development. MSME Empowerment.
Governance	Anti-Corruption. Information technology and banking digitalization. Protection for customer information.



Economic performance for the Nation

“

During 2019, BRI recorded positive performance above the national banking industry average and part of this performance was distributed for the implementation of sustainability performance

”



» Economic Performance Achievement

Disclosure of information on economic performance achievement during 2019 was delivered based on FSA Regulation guidelines, through comparison of production targets and performance, portfolio, financing or investment targets, income and profit and loss; as well as comparison of portfolio targets and performance, financing or investment targets in financial instruments or projects that are in line with the application of sustainable finance. [POJK51-6.b.1][POJK51-6.b.2]

Comparison of targets and performance of production, portfolio, financing, income and profit & loss 2019 [POJK51-6.b.1]

Description	Target	Realization	Percentage (%)
Total Assets	1,350,666,367	1,343,077,858	99.44
Productive Assets	1,236,400,692	1,233,525,766	99.77
Bank Credit/Financing	900,265,172	859,558,293	956.48
Third-party funds	996,268,380	969,750,430	97.34
Operating Revenues	143,840,167	143,937,790	200.07
Operating Expenses	97,473,246	100,902,455	103.52
Net profit	36,115,449	34,028,685	94.22

**Comparison of targets and performance of production, portfolio, financing,
income and profit & loss 2019 [POJK51-6.b.1]**

Description	Target	Realization	Percentage (%)
Performance Ratio			
Minimum Capital Adequacy Ratio (CAR)	21.22	22.55	106.29
Non-performing productive and Non-Productive Assets to Total Productive and Non-productive Assets	N/A	1.74	N/A
Non-performing Productive Assets to Total Productive Assets	N/A	1.98	N/A
Allowance for Impairment Losses of Financial Assets to Productive Assets	N/A	3.36	N/A
Gross NPL	2.16	2.62	121.30
Net NPL	1.17	1.04	88.89
Return on Assets (ROA)	3.71	3.50	94.34
Return on Equity (ROE)	21.22	19.41	91.47
Net Interest Margin (NIM)	7.16	6.98	97.49
Efficiency Ratio (BOPO)	67.76	70.10	103.45
Loan to Deposit Ratio (LDR)	90.36	88.64	98.09
Liquidity Coverage Ratio (LCR)			
a. Individual LCR	180	229.98	127.77
b. Consolidated LCR	180	227.12	126.18

Note: N/A= No target

Economic Value Generated And Distributed

Disclosure of information on economic value generated and distributed refers to the GRI Standard. Total Operating Revenues in 2019 reached Rp143,295 billion, an increase of Rp13,872 billion or 10.72% from Rp129,423 billion in 2018. Net Profit in 2019 reached Rp34,353 billion, an increase of Rp2,651 billion or 8.36% compared to 2018 of Rp31,702 billion. This achievement was 12-14% higher than the Company's profit growth target for 2019. [201-1]

All revenues in 2019 came from banking services. There was no income from opportunities and/or financial implications due to climate change. BRI did not receive any financial assistance from the Government. [201-2][201-4]

A portion of the Operating Revenues generated was distributed to stakeholders, including dividends to shareholders, payment of compensation for employees, payment of taxes to the Government, and payment of investments to the community.



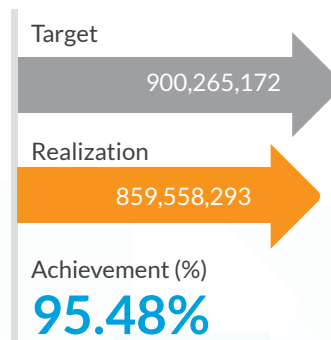
Direct Economic Value Generated and Distributed (Rp million) [201-1]

Description	2017	2018	2019
Direct Economic Value Generated			
Interest Income	98,253,779	106,336,827	115,638,719
Non Interest Income	18,917,131	22,776,813	28,229,071
Non Operating Income	197,123	3,456	(85,443)
Amount of Direct Economic Value Generated	117,368,033	129,117,096	143,852,347
Direct Economic Value Generated			
Non Interest Operating Costs Excluding Labor	17,629,969	18,969,092	21,109,801
Labor Costs (Exclude Outsourced)	18,902,404	20,752,724	22,279,011
Dividend Payment	10,478,309	13,048,441	16,175,567
Loan Interest and Bank Interest	27,825,233	31,428,467	37,078,417
Payment to the Government (Tax)	15,025,581	16,812,634	17,562,873
Community Investment Expenditures	150,348	163,365	180,186
Direct Economic Value Distributed	90,011,844	100,901,722	114,385,855
Direct Economic Value Retained	27,356,189	28,215,104	29,466,492

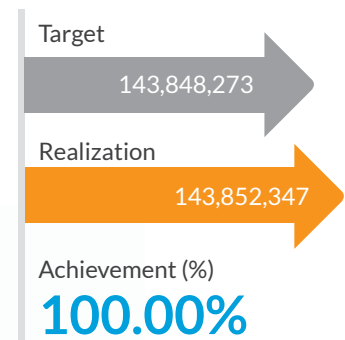


Target and Realization of Economic Performance 2019 (Rp million)

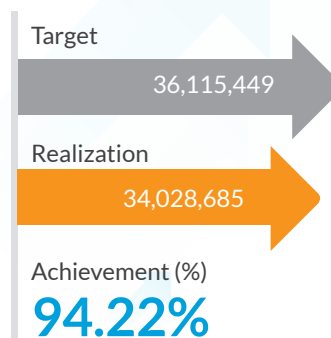
Credit Financing



Revenue



Loss/Profit



Partnership and Community Development Program

Contributions [201-1]

BRI earmarks a Partnership and Community Development Program or PKBL budget as part of the implementation of Social and Environmental Responsibility (SER or TJSL). The source of funds comes from the allowance for operating income or budget calculated as costs, according to Minister of SOEs Regulation No.PER-03/MBU/12/2016 on Amendments to Minister of SOEs Regulation No.PER-09/MBU/07/2015 on the Partnership Program and Community Development Program of State Owned Enterprise as the latest amendment to the Minister of SOEs Regulation No. Per-02/MBU/7/2017 dated July 5, 2017 along with the amendments.

PKBL budget realization in 2019 reached Rp558.596 million, from Rp507.787 million in 2018. The amount consisted of the realizations of the Partnership Program funds of Rp332,012 billion and the Community Development Program of Rp226.548 million. The PKBL is implemented as BRI's contribution to the achievement of Goal 1 of SDGs. [SDG 1]

PKBL Fund Realization (Rp million)

Cost Realization	2017	2018	2019
Partnership Program	209,360	344,152	332,012
Community Development Program	150,347	164,635	226,584
Total	359,707	507,787	558,596

Third Party Contribution Funds [201-1]

BRI also provides a third-party contribution escrow account facility for social humanitarian programs, community empowerment, and environmental development and preservation. It is one aspect of BRI's contribution to the achievement of Goal 17 of SDGs. By the end of 2019, the number of third party social and environmental funds under BRI's management reached Rp22,302 billion, an increase of Rp1,411 billion or 7% compared to Rp20,891 billion in 2018. [SDG 17]

Management of Third Party Social and Environmental Funds (Rp billion)

Description	2017	2018	2019
Public Service Agency for Forest Development Financing at the Ministry of Environment and Forestry.			
• Revolving fund management to finance the development of plantation forests for legal business entities and forest farmer groups.	1,572	1,202	834
Oil Palm Plantation Fund Management Agency			
a. Source of Funds: Non-Tax State Revenue (PNBP) in the form of payments of USD5 per ton of oil palm exports.	3,795	8,225	8,168
b. Uses of Funds (per year): Biodiesel subsidies, replanting			
Indonesia Pintar Program Fund of the Ministry of Education and Culture			
a. Elementary School	4,212	4,197	4,212
b. Junior High School	2,697	2,721	2,711
c. Vocational School	N/A	N/A	N/A
Public Service Agency (BLU) Bakti Kominfo			
a. Source of Funds (Per year): PNBP in 0.25% payment from the profit of telecommunications companies in Indonesia.	3,452	3,900	3,500
b. Use of Funds (Per year): Implementation of the Ministry of Communication and Information Technology's project for the development of Palapa Ring (cyber village)			
Business Service Agency (BLU) Institute for Business Capital Management of Marine and Fisheries of the Indonesian Ministry of Marine Affairs and Fisheries			
a. Source of Funds (Per year): State Budget and PNBP (financing for loan and investment account interests).	301	646	907
b. Use of Funds (Per year): Implementation of government program by disbursing loans to fishermen to enable them to run fish farming independently.			



Management of Third Party Social and Environmental Funds (Rp billion)

Description	2017	2018	2019
BLU HOUSING FINANCING MANAGEMENT CENTER (PPDPP)			
a. Source of Funds (per year): House financing distribution funds.	N/A	99	1,288
b. Uses of Funds (per year): Implementation of government program for subsidized housing loans.			
MINISTRY OF SOCIAL AFFAIRS			
a. Source of Funds (per year): Program Keluarga Harapan (PKH) distribution funds.	N/A	N/A	677
b. Use of Funds (per year): Implementation of conditional social assistance to Poor Families (KM) program which is established as the beneficiary family of PKH.			
MINISTRY OF AGRICULTURE			
a. Source of Funds (per Year): Agriculture-Based Community Welfare to Eradicate Poverty Program Funds.	N/A	N/A	5
b. Uses of Funds (per Year): Agriculture-Based Community Welfare to Eradicate Poverty Program Assistance Fund Disbursement.			
Total Funds Under Management	16,029	20,891	22,302

During 2019 BRI disbursed social assistance funds for the Program Keluarga Harapan (PKH) and Non-Cash Food Assistance or BPNT from the Ministry of Social Affairs. The program's target is underprivileged families, based on data from social affairs agencies from 265 regencies/cities in 34 provinces across Indonesia. Funds were transferred by the Ministry of Social Affairs to BRI Head Office, which are then distributed the PKH and BPNT funds through BRILink's work units and agents. By the end of 2019, the disbursement of PKH social assistance amounted to Rp13.3 trillion, for 3.7 million beneficiary families (KPM). The distribution of BNPT reached Rp4.8 trillion, for 5.4 million KPM families.

The PKH program is distributed through the Family Welfare Card which functions as an ATM card for withdrawing funds at work units and BRILink agents. The PKH program also supports the financial inclusion program because KPM families consist of members of communities with constrained to access to financial services.

The BPNT program is distributed in the form of rice and eggs worth Rp100,000 each month, through BRILink agents who have grocery businesses. The implementation

of this program has a multiplier effect, which is to empower BRILink agents.

During 2019 BRI also disbursed other social assistance funds from the Ministry of Social Affairs in 2019:

1. The Social Assistance Program for Persons with Disabilities, referred to as ASPD, is assistance for people with disabilities from low income families. BRI has disbursed Rp81 billion in funds for 22,500 program beneficiaries across Indonesia.
2. The Disability Assistive Device Program, is assistance for persons with disabilities who need assistive devices for mobility. This assistance has been disbursed by BRI to 1,765 beneficiaries with a total fund of Rp3 billion.
3. The Joint Business Group Stimulant Assistance (KUBE), is social assistance for the poor that is intended to increase the ability to access economic resources, increase economic business capabilities, increase work productivity, increase income, in an effort to meet their needs. BRI has distributed assistance to 3,367 recipient groups with a total fund of Rp66.2 billion.

4. The Social Rehabilitation Stimulant Assistance for Uninhabitable Homes (RS-RUTILAHU), is social assistance for the poor to restore social function through efforts to improve the condition of uninhabitable homes either partially or completely in order to create decent housing conditions as a place to live. This assistance was distributed by BRI to 1,238 beneficiary groups, with a total fund of Rp179 billion.
5. The Environmental Infrastructure Stimulant Assistance (SARLING), is social assistance in the effort to build public facilities owned by the community to support a residential environment to improve the quality of life. With a total fund of Rp2.4 billion, BRI has distributed it to 50 beneficiary groups.



» Financial Literacy and Inclusion [FS13, FS14]

By the end of 2019, BRI services have reached all regions of Indonesia, thanks to the massive support and development of information technology by BRI. It did not only improve BRI services but also our financial literacy and inclusion implementation, including in the frontier, outermost and disadvantaged (3T) regions.

The services that covered all parts of Indonesia were supported by 9,616 work units, a decrease from 9,647 work units in 2018. BRI services across the country were also supported by 20,157 automated teller machines (ATMs), a decrease from 22,684 ATMs in 2018. The presence of work units, ATM networks and BRILink Agents, has been a form of BRI's support for the achievement of SDGs.



BRI Operating Units

Work Unit	2017	2018	2019
Head Office	1	1	1
Regional Office	19	19	19
Special Branch Office	1	1	1
Branch Office	462	462	461
Overseas Branch Office/Representative Office	5	5	5
Sub Branch Office	610	609	608
BRI Unit	5,382	5,381	5,382
Cash Office	992	964	952
Teras BRI and Mobile Teras	3,171	2,202	2,182
Teras Kapal	3	3	4
Total Operating Unit	10,646	9,647	9,615

Supporting Facilities for BRI Operating Services

Work Unit	2017	2018	2019
Operating Unit	10,646	9,647	9,615
Automated Teller Machine (ATM)	24,684	22,684	20,157
BRILink Agent	279,750	401,550	422,160



Simpanan Pelajar

During 2019, BRI's financial literacy and inclusion activities were also targeting students, through a Student Savings product called Simpanan Pelajar (SimPel). As of the end of 2019, total Simpel accounts reached 635,433 customers, or 0.49% of total BRI customers at 129,392,947.

Proportion of BRI Account Ownership in 2019

Total Savings Customers	Total Accounts	Simpel Account	
		Total Accounts	Percentage to Total BRI Accounts
111,131,718	129,392,986	635,433	0.49%

Teras BRI

BRI has a service called Teras BRI, that offers the micro sector both information and banking services. The number of Teras BRI units in 2019 was 2,049, including 133 mobile Teras BRI and 4 Teras Kapal. The number of Teras BRI units in 2019 decreased from 2,069 units in 2018, because some had been handed over to BRILink agents and e-channel. [F513]

Distribution of Teras BRI, Mobilie Teras BRI dan Teras Kapal 2019

Region	Teras BRI	Mobile Teras BRI	Teras Kapal
Jakarta	103	3	1
West Java	380	44	-
Central Java and Yogyakarta	294	1	-
East Java	330	13	-
Sumatra	444	17	1
Central and East Indonesia	498	55	2
Total	2,049	133	4

In 2019, BRI launched another unit of Teras BRI Kapal, the Bahtera Seva IV, to be operated in the islands of Anambas, Riau Islands Province. The Bahtera Seva IV is operated to support the improvement of financial literacy and inclusion of people on the islands that have not had access to banking services. Each Teras BRI Kapal unit is equipped with satellite-based digital banking services (BRISat) operating at sea. As of the end of 2019, BRI has operated four Teras BRI Kapal units and showed improved performance compared to 2018.

Teras BRI Kapal Performance 2019

Description	Total Accounts	Value of Savings (Rp million)	Loans	
			Total Accounts	Value of Loans (Rp million)
Teras BRI Kapal Bahtera Seva I	5,394	12,552	862	14,949
Teras BRI Kapal Bahtera Seva II	837	5,020	667	12,787
Teras BRI Kapal Bahtera Seva III	9,981	23,777	782	15,209
Teras BRI Kapal Bahtera Seva IV	-	-	-	-
Total	16,212	41,349	2,311	42,945





Non-cash Transactions and e-Banking

BRI continues to promote a cashless society through the development of e-banking features. By the end of 2019 there have been several e-banking features developed by BRI in the e-channel network, including BRIZZI, e-Pay, mobile banking and internet banking. Of total existing

customers, as many as 45,133,100 customers or 40.61% have used mobile services and internet banking in the e-channel network, using smartphone applications connected to the internet. The number reached 16.90% of Indonesia's 266.91 million population.

[SDG 8][SDG 9]



Some 40.61% of BRI customers have used mobile services and internet banking in the e-channel network and smartphone applications



Number of Mobile (Digital Transaction) User Services

Type	2017	2018	2019
Mobile Banking	18,485,159	22,710,281	26,039,313
Internet Banking	7,999,168	12,600,599	19,093,787
BRIZZI Card	8,868,184	12,761,951	16,790,300

Proportion of BRI Customers for Mobile Services (e-Banking) in 2019

Type of Mobile Services	Number of e-banking Users	Number of Mobile Service Users	Percentage
Mobile Banking		26,276,232	42.02%
Internet Banking	62,532,640	19,466,108	31.13%
BRIZZI Card		16,790,300	26.86%

Number of Mobile Services (e-Banking) Transactions (in thousands)

Type	2017	2018	2019
Mobile Banking	277,389	317,576	370,492
Internet Banking	311,467	574,933	1,169,416
BRIZZI Card	63,978	621,799	932,858
ATM	2,084,581	2,322,043	3,723,537
EDC	1,231,632	1,843,352	2,147,451
MOCASH (Mobile Cash)	3,811	10,276	10,497

Nominal Value of Mobile Service (e-Banking) Transactions (Rp billion)

Bentuk	2017	2018	2019
Mobile Banking	129,078	154,189	167,209
Internet Banking	551,202	664,601	957,653
BRIZZI Card	784	5,814	12,611
ATM	1,724,044	1,836,808	2,848,560
EDC	935,800	1,536,267	1,925,415
MOCASH (Mobile Cash)	6,691	8,593	11,029

Product Innovation and Development

BRI continues to encourage all parties in management to take part in efforts to improve financial literacy and inclusion, through innovation and product development, including the Mobile Teras concept and eBuzz updates.

During 2019, BRI expanded BRILink Agent services:

1. BRILink agents participate in marketing the Health & Death Accident Micro Insurance (AMKKM) with an annual premium of Rp50,000.
2. BRILink agents also encourage people to save through Teman Simpedes, and maximize the referral function for basic savings account (BSA) products for potential unbanked customers in the regions. By the end of 2019, the referral function of BRILink Agent has been able to realize 50,755 BSA savings.
3. BRILink agents carry out the referral function for BRI lending of KUR and Kupedes to MSMEs

for working capital loans and investment loans. As of the end of 2019, BRILink agents had realized 37,825 loans.

Cooperation with Regional Government

BRI has been supporting the Kartu Tani (Farmer Card) program launched by the Ministry of Agriculture, by issuing and distributing the card to farmers in a number of areas. BRI's goal in issuing the Kartu Tani is to contribute to improvement of the farmers' welfare through the integration of easy and simple features. BRI focuses on developing the Kartu Tani database to get the farmers' data recorded, to ensure the distribution of subsidized fertilizer on target. Farmers must have a Kartu Tani to do transactions for subsidized fertilizer, and it can be used for other general banking transactions. By the end of 2019 BRI has distributed 3,246,109 million Kartu Tani cards to farmers in a number of regions in Indonesia.



Accumulated Number of Kartu Tani Distributed and
BRILink Agents' Fertilizer Kiosks as of 2019

Region	Number of Kartu Tani	Number of Fertilizer Kiosks
Banten	196,953	248
Yogyakarta	279,741	148
West Java	108,737	114
Central Java	2,602,991	4,929
West Nusa Tenggara	17,249	184
South Sulawesi	15,800	405
Central Sulawesi	7,546	87



Synergy with BUMDes

BRI continues to build synergy and participate in developing Village-Owned Enterprises (BUMDes) by acquiring BUMDes as BRILink agents. BRI also focuses on supporting the villages' independence in developing business units based on their superior potential to create a business ecosystem that can improve the welfare of the community.

By the end of 2019 there were 9,252 BUMDes that had become BRILink agents, exceeding the target of the Work Plan & Budget 2019 of 8,000 BUMDes. The number of BUMDes that have become BRILink agents was 40.84% of the total BUMDes in 152 regencies/cities across Indonesia. Synergy with BUMDes also reaches villages in disadvantaged, frontier and outermost (3T) areas in Indonesia, to provide digital banking services to the residents in the area.

MSME DEVELOPMENT

Since its establishment, BRI has owned DNA as a micro bank, and is committed to continuing to serve MSMEs. The strategy carried out until the end of 2019 is to extend credit to MSME actors, and conduct ongoing coaching including financial education. This strategy is expected to empower MSMEs so that they can move up to medium and large enterprises.

BRI's commitment to serving MSMEs is support for the achievement of the SDGs. Until the end of the reporting period, BRI's lending to the MSME segment reached Rp668,534 billion or 77.08% of the total loan disbursement at Rp867,366 billion. BRI targets that in 2022 the composition of BRI's MSME loans will reach 80% of the bank's total loan portfolio. [SDG 8]

BRI as an agent of development carries out financing to SMEs through the People's Business Credit (KUR) and Kupedes. During 2019 BRI distributed Rp75,709 billion in Micro KUR to approximately 4 million debtors, or 100.08% of the target set by the Government of Rp75,649 billion. The financing through Kupedes in 2019 reached Rp222,333 billion for 4.67 million debtors.. [FS7]

Specifically for developing MSME businesses and market vendors, as well as providing them with wider banking access through the use of technology, in 2019 BRI launched a digital-based loan product: KECE. As of the end of 2019, KECE loans had been distributed to 1,183 market vendors, with total lending of Rp2.6 billion.

Proportion of BRI Credit Distribution (Rp million)

Year	Total Credit for MSME Segment*	Total Credit Distributed	Percentage
	1	2	1:2
2017	322,674,498	708,011,042	45.57%
2018	368,578,801	804,356,812	45.82%
2019	401,546,138	859,558,293	46.72%

Note: *Credit for MSME segment is non consumer and corporate MSME credit

Proportion of BRI MSME Credit in 2019 (Rp million)

Type of MSME Credit	Amount 1	Total Credit for MSME Segment 2	Percentage 1:2
People's Business Credit (KUR)	69,339,667		17.27%
Kupedes	238,382,096	401,546,138	59.37%
Total	307,721,763		76.63%



During 2019 BRI provided assistance to MSMEs for their businesses development, through a range of activities:

1. BRI held training for 10,000 MSMEs in 100 locations, with 100 participants each, across Indonesia. This training aimed to improve the capabilities of MSMEs to go modern, go digital, go online and go global, with materials on administration and financial management, e-commerce, as well as access to information on capital up to market information.
2. BRI held BRILIAN PRENEUR 2019, to improve the competitiveness of the fostered MSMEs to increase their scale of business, to be able to penetrate the international market through exports.
3. BRI launched the BRI Microfinance Center (BMC) which is a research and consulting institution and network to promote MSME business development, especially Microfinance.
4. BRI held the Pesta Rakyat Simpedes festival at 100 points to promote savings to the wider community, as well as to introduce and bring Simpedes Savings closer to the millennials through various events. The Pesta Rakyat Simpedes event also held BRIPeduli activities such as the handover of CSR to the local government, and social actions such as free medical treatment.
5. Indonesia Mall
Since 2018, BRI has developed the Indonesia Mall, which is an innovative collaboration between Bank BRI and large global e-commerce to encourage MSMEs to go online. Indonesia Mall helps international quality MSMEs to increase competitiveness, productivity and product range. There have been 10,000 MSMEs registered by Indonesia Mall with 175 MSMEs have been onboarding at the Indonesia Mall in eight cities. In 2019, Indonesia Mall already has had six e-commerce networks with the latest collaboration with Singapore-based global e-commerce, Qoo10.



BRI disbursed Rp75.71 trillion for people's business credit, up 8.33% compared to that of 2018

BRI's commitment to boosting the growth of MSMEs, has gained international recognition. BRI's President Director was the speaker at the Micro, Small and Medium-sized Enterprises (MSME) forum 2019 at the UN Headquarters in New York, United States. Bank BRI was the only corporation from Indonesia that was given the opportunity to speak at the event and raised the theme "Entrepreneurship and Sustainable Development in Building Peaceful Societies".

People's Business Credit and Kupedes [203-2]

BRI became one of the banks appointed by the Government to disburse People's Business Credit or KUR. The distribution of KUR in 2019

was supported by 12,187 agents, referred to as Mantri KUR, increased by 239 people from 11,948 Mantri KUR in 2018. During the reporting period, the realization of Micro KUR reached Rp75.71 trillion, or 100.08% of the target of Rp75.65 trillion and increased by Rp5,824 billion or 8.33% from realization in 2018 of Rp69.89 trillion.

The realization of Micro KUR disbursement reached 4 million debtors, an increase of 3.22% from 3.87 million debtors in 2018. Micro KUR distribution in the production sector has increased over the last three years. In 2018, the Micro KUR composition in production sector was 43.91%, which increased to 52.86% in 2019.

KUR Micro Performance

Description	2017	2018	2019
Total Mantri	11,473	11,948	12,187
Number of Borrowers (Debtors)	3,663,479	3,879,016	4,004,051
Disbursement Realization (Rp Trillion)	61,567	69,885	75,709

Realization of Micro KUR Distribution by Sector (Rp billion)

Sector	2017	2018	2019
Production	25,671	30,683	40,019
Non-production	35,896	39,202	35,690
Total	61,567	69,885	75,709

Number of Micro KUR Debtors by Sector

Sector	2017	2018	2019
Production	1,549,856	1,716,582	2,126,776
Non-production	2,113,612	2,162,996	1,877,290
Total	3,663,479	3,878,588	4,004,066

BRI also has a Kupedes product that offers wide access to rural communities to get loans that can be used for various purposes. The realization of Kupedes disbursement in 2019 grew by Rp28.3 trillion, which was an increase from Rp210.1 trillion in 2018. The funds were distributed to 4,819,928 debtors, an increase of 369,096 debtors or 8.29% from a total of 4,450,832 debtors in 2018.

KUPEDES Performance

Sector	Unit	2017	2018	2019
Number of Customers (Debtors)	People	4,289,683	4,450,832	4,819,928
Realization (Rp trillion)	Trillion	180.2	210.1	238.4

Agriculture

BRI also provides financing to the agricultural industry, especially those based on environmentally friendly integrated farming and organic farming. As of the end of 2019, funding for integrated farming reached 29% of total financing in the agricultural industry, and some 0.85% of which was disbursed to organic farming.



» Product Portfolio and Loan Quality

BRI's business portfolio in general includes the loan business portfolio and the savings portfolio. Until the end of the reporting period, lending per segment and total savings showed significant growth. Lending is carried out by applying the principle of prudence and maintaining the ratio of non-performing loans (NPLs).

Total credit disbursement both domestic and overseas in 2019 amounted to Rp9,243 billion. Total loan

disbursements during 2019 reached Rp859,558 billion, up Rp55.201 billion or 6.86% from Rp804,357 billion in 2018. The increase was due to increased credit of 10.65% in the MSME sector.

The NPL ratio at the end of 2019 reached 2.62%. It was higher than the NPL in 2018 at 2.16%. However, the NPL ratio was still below the threshold set by Bank Indonesia of 5%.



Loan Composition by Segment (Rp Trillion) [FS6]

Segment	2017	2018	2019
Micro	239.48	274.28	307.72
Consumer	114.64	130.86	140.50
Commercial Retail	83.47	105.93	114.69
Small	57.05	59.71	62.15
Program	13.37	17.34	21.81
Medium	119.88	18.40	21.55
Corporate	180.13	197.85	191.14
Total	708.01	804.36	859.56

Loan Percentage by Segment (%) [FS6]

Segment	2017	2018	2019
Micro	34	34	35
Consumer	16	16	16
Commercial Retail	12	13	13
Small	8	7	7
Program	2	2	3
Medium	3	2	2
Corporate	25	25	23
Total	100	100	100

Loan Composition by Region in Indonesia (Rp trillion) [FS6]

Region	2017	%	2018	%	2019	%
Jakarta Region	223.53	31.57	256.58	31.90	251.61	29.27
Sumatra Region	116.05	16.39	132.02	16.41	142.33	16.56
West Java Region	57.36	8.10	60.63	7.54	67.51	7.85
Central Java & Yogyakarta Special Region	71.94	10.16	84.09	10.45	95.13	11.07
East Java Region	74.24	10.49	83.65	10.40	92.07	10.71
East and Central Indonesia Region	155.09	21.91	176.07	21.89	199.24	23.18
Others	9.80	1.38	11.30	1.40	11.64	1.35
Total	708.01	100.00	804.36	100.00	859.56	100.00

Loan Composition by Region in Outside Indonesia (Rp Million) [FS6]

Segment	2017	%	2018	%	2019	%
New York	7,444,498	93.02	7,707,918	85.55	7,902,370	65.29
Singapore	471,218	5.89	736,688	8.18	3,352,577	27.70
East Timor	87,255	1.09	565,483	6.28	848,979	7.01
Total	8,002,971	100.00	9,010,483	100.00	12,103,926	100.00

Loan Composition by Economic Sector (Rp Trillion) [FS6]

Segment	2017	%	2018	%	2019	%
Government Administration, Defense and Mandatory Social Security	3.52	0.50	5.39	0.67	5.31	0.62
Processing Industry	63.02	8.90	65.90	8.14	68.13	7.92
Community Service, Socio-Culture, Entertainment, and Other Individuals	24.85	3.51	26.34	3.25	28.88	3.36
Health Services and Social Activities	2.44	0.34	3.64	0.45	7.15	0.83
Education Services	0.58	0.08	1.24	0.15	1.49	0.17
Individual Services Serving Households	1.96	0.28%	1.84	0.23	1.64	0.19
Undefined Activities	3.57	0.50	6.84	0.84	8.48	0.99
Construction	25.43	3.59	32.44	4.01	38.14	4.43
Electricity, Gas and Water	34.22	4.83	35.88	4.43	39.7	4.61
Non Industrial Origin Credit Recipients	182.44	25.77	198.91	24.57	211.38	24.56
Accommodation and food & beverage supply sectors	7.71	1.09	7.67	0.95	9.72	1.13
Financial Intermediary	5.67	0.80	3.48	0.43	8.8	1.02
Wholesale and Retail	231.89	32.75	280.80	34.69	283.17	32.90
Fishery	3.34	0.47	4.09	0.51	5.25	0.61
Mining and Excavation	5.52	0.78	6.37	0.79	15.71	1.83
Agriculture, Hunting and Forestry	80.82	11.42	90.32	11.16	96.98	11.27
Real Estate, Rental Business and Corporate Services	9.14	1.29	10.68	1.32	11.53	1.34
Transportation, Warehousing and Communication	21.88	3.09	22.50	2.78	19.12	2.22
Others	-	-	5.18	0.64	0	0
Total	708.01	100.00	804.34	100.00	859.56	100.00

Non Performing Loan Rate

2017	2018	2019
2.12%	2.16%	2.62%



RISK MANAGEMENT AND ESG ASSESSMENT BASED ON PORTFOLIO [102-11][POJK51-5.c]

Risk Management at BRI is based on FSA Circular Letter No.14/SEOJK.03/2015 on the Implementation of Enterprise Risk Management for Financial Conglomerates, and BRI General Risk Management Policy (KUMR BRI) in accordance with BRI Board of Directors Decree No: S.72-DIR/DMR/12/2016 on the General Policy on Risk Management of PT Bank Rakyat Indonesia (Persero), Tbk. BRI applies integrated risk management to identify, measure, monitor and control risks, which protect capital and optimize returns towards risk on large scale operations and increasing business volume.

BRI has identified 10 financial conglomeration risks, including environmental, social and governance (ESG) aspects and implemented sustainable finance that integrated ESG risks to minimize Credit Risk. The application of sustainable finance can pay more attention to environmentally friendly business practices, as well as social and good governance aspects for the financing provided.

10 Top Risks

Credit Risk

A risk that is caused by the failure of the debtor and/or counter party in fulfilling obligations to the Bank.

Strategic Risk

A risk that is caused by inappropriate determination and implementation of the Bank's strategy.

Market Risk

A risk that is caused by adverse movement of market variables of the portfolio owned by the Bank, which harms the Bank.

Reputation Risk

A risk which is partly due to negative publications on the Bank's business activities or negative perceptions of the Bank.

Liquidity Risk

A risk caused by the Bank's failure in meeting obligations that have matured.

Compliance Risk

A risk caused by the Bank's incompliance with laws and regulations and other applicable provisions.

Operational Risk

A risk that is caused by the inadequacy or malfunctioning of internal processes, human error, system failure, or external problems.

Intra Group Transaction Risk

A risk that is caused by the dependency of an entity, directly or indirectly, to other entities in a financial conglomerate.

Legal Risk

A risk that is caused by a weakness in juridical aspects.

Insurance Risk

A risk due to failure of insurance companies to meet obligations to policyholders.



Credit Risk

A risk due to the failure of the debtor and/or counter party) in meeting obligations to the Bank.



Sustainable Finance that integrates environmental, social and governance risks into economic/ business aspects.



Risk becomes more manageable through financing that pays attention to environmentally friendly business practices, social aspects and good governance.

BRI has established a policy of providing credit for business sectors with environmental impact analysis and environmental management certification; manage an efficient, friendly and environmentally sound operations; participate in community development, education, training, and empowerment to create a clean environment. Besides, BRI will not provide credit financing for businesses that damage the environment, national parks, and historical heritage; will not support financing for land acquisition activities through violence; will not finance debtor activities and businesses that can damage the UNESCO World Heritage Sites. The policy is implemented through a selection and evaluation mechanism for each prospective debtor or current debtor. The purpose is to ensure the financing provided supports the principles of sustainable finance.

BRI has not implemented a voting policy on environmental or social issues, but has conducted a selection and evaluation process involving environmental and social risk mitigation through the following: [\[FS12\]](#)

- Complete licensing in compliance with applicable regulations.
- Environmental management documents based on industrial sector, including Environmental Management Efforts - Environmental Monitoring Efforts (UKL-UPL), Environmental Impact Analysis (EIA or AMDAL), environmental management licenses/certifications including PROPER, RSPO and ISPO for oil palm plantation companies.
- Results of social impact study/analysis.
- Regular monitoring through reporting based on national and global reporting standards.

One of the strategic functions in risk management is internal supervision, which is carried out by the Internal Audit Unit (IAU or SKAI). The IAU was established by Decree of Board of Directors No.: S.18-DIR/CDS/05/2017 dated May 23, 2017. The IAU directly reports to the President Director and has access to communication with the Board of Commissioners (in this case with the Audit Committee). Internal audit conducted in 2019 concluded that risk management has been implemented effectively, through an approach that the top risks of the business have been managed properly, as well as risk management and internal control activities have been running effectively.

[\[FS9\]](#)





CREDIT REALIZATION BASED ON SUSTAINABLE FINANCE PRINCIPLES

The percentage of total credit for sustainable business activities in 2019 (as of September) was Rp492,874 billion, or 57.30% of total credit disbursed by the bank of Rp859,558 billion. All credits were distributed to 12 sustainable business activities, with the largest disbursement to MSME activities at Rp394,884 billion; and sustainable bioresource management and land use activities amounting to Rp34,206 billion.

Total Productive Assets of Sustainable Business Activities

Description	Total (Rp billion)	Percentage
Total Credit for Sustainable business activities	492,874	57.34
Total Credit for Non-Sustainable Business Activities	366,684	42.66
Total	859,558	100.00

Amount and Quality of Credit for Sustainable Business Activities

Type of activity	Outstanding (Rp billion)
MSME Activities	394,884
Renewable energy	3,589
Energy Efficiency	-
Pollution Prevention and Control	3,818
Management of Bio Resources and Sustainable Use of Land	34,206
Conservation of Terrestrial and Marine Biodiversity	511
Green Transportation	12,156
Sustainable Management of Water and Wastewater	949
Adaptation to Climate Change	-
Eco-Efficient	8,405
Green Building	4,395
Other Environmentally Friendly Business Activities	29,902

» Digital Banking Transformation and Customer Information Protection

TOWARDS DIGITAL TRANSFORMATION

BRI is focused on accelerating service transformation from conventional to digital. The financial services industry tends to increasingly use information technology (IT) especially to handle administration, interaction with customers, and data processing, as stated by the World Economic Forum (WEF). BRI has a target to digitize the entire banking system and eliminate the manual banking system. The aim is to create a more efficient banking system with simpler and more optimal processes.

In order to support the development and use of IT, in 2019 BRI earmarked a capital expenditure budget of Rp3.5 trillion. The amount increased by Rp520 billion or 14.85% compared to the Rp2.98 trillion in 2018, excluding operational expenditure.

FRAUD PREVENTION AND CUSTOMER INFORMATION PROTECTION [205-3]

BRI is committed to improving the security of operations and services by developing a real-time fraud detection system, BRIFORCE, that uses Cloudera Data Science Workbench and Apache Kafka. This detection system allows BRI to process and observe anomalies found in event streams from various channels such as ATM, EDC and e-banking. The anti-fraud team needs

between two weeks to two months to detect fraud, while BRIFORCE is capable of doing so immediately. New ways of using Artificial Intelligence and Machine Learning has allowed BRI to strengthen the programs that increase data security and governance while providing secure services to customers.

IT development is also aimed at creating a strong protection system that ensures security for more than 70 million customers and more than 22,000 ATMs across Indonesia. Through the development of IT systems, BRI strives to maintain the security of customer transactions and funds in the era of e-banking transactions, including the threat of skimming. There have been a number of strategic actions for IT development in 2019, to strengthen customer protection system.

1. Big Data Analytics

Big Data is one of the fundamental components for BRI to use in providing service excellence to customers, such as the use of Big Data Analytics that utilizes machine learning in fraud detection, credit scoring and merchant assessment. BRI has received ISO 27001 and the implementation of big data governance was recognized worldwide by earning the Global Data Impact Awards by Cloudera in 2019.

2. Open Banking Platform Security (BRIAPI)

BRIAPI or BRI Application Programming Interface is a BRI product that allows third parties to use financial service features or functions of Bank BRI on their platforms. BRI became the first bank with an ISO 27001 certified open banking platform in Indonesia. This certification is proof that BRIAPI has clarity in operational flow, has the agility in the filing and role of BRIAPI business, guaranteed safety of data stored in BRIAPI. Improved compliance of information system security to the applicable rules, management preparation for risks that can occur in the BRIAPI system, and therefore reduces the potential for fraud that can jeopardize the reputation of BRI.

3. Implementation of End Point Security, Application Security, IT Infrastructure Security, Data Security, Perimeter & Network Security.



IMPROVING SYSTEM RELIABILITY

BRI has strengthened its system to minimize disruptions, and maintain the availability and reliability of its IT operating system. During 2019 BRI made a number of strategic steps to improve system reliability:

- Implementation of Tier 3 Data Center where there with several power source lines, Fault-Tolerant and 99.98% uptime.
- Offsite Data Center: Building the Next Generation Infrastructure Data Center to replace the obsolete Data Center at BRI Sudirman.
- Implementation of Infrastructure as a Service & Platform as a Service, including server and storage virtualization to improve the reliability of resources for computing, network and storage.
- Network Reengineering: Increasing network reliability by building infrastructure that can fail-over automatically if there are any interruptions.

- Implementation of Branch in a Box (BRIBOX): improving the reliability of IT infrastructure both hardware and software in BRI work units.

IT SUPPORT TO SUSTAINABLE FINANCE

BRI's IT development and transformation into digital banking is also one of the strategic moves to support sustainable finance implementation. The digitalization of IT-based banking services is able to significantly reduce the use of paper which led to BRI's more environmentally friendly banking operations. Until the end of 2019 there have been a number of IT-based digital services that support the sustainable finance implementation.

- Pinang
BRI, through its subsidiary PT Bank Rakyat Indonesia Agri Niaga Tbk (BRI Agro), launched the latest digital financial services

and service products known as "PINANG", short for "Pinjam Tenang" or hassle free loan. It is BRI's strategy to provide digital financial products that simplify and accelerate public financial access. PINANG is the first application-based digital loan product in Indonesia and was released in February 2019. Although the borrowing process using "PINANG" is quite simple and only takes 15 minutes, the security factor remains a top priority. "PINANG" products have been registered and monitored by the Financial Services Authority.

- Ceria
BRI became the first state-owned bank to have an online loan application. The Ceria application is one of BRI's efforts to provide digital financial products that simplify and accelerate public financial

access. The Ceria application was created to be fully digital, with a system of digital verification, digital scoring, through to digital signature, and has been registered and monitored by the Financial Services Authority. Ceria can accelerate the loan application process with a span of no more than 10 minutes. The application can be filed without having to go to the bank or meeting face to face with bank officers.

- **BRI API**
BRI developed the BRI Application Programming Interface (BRI API) that securely facilitates connectivity between various payment systems and increases coverage to markets that are still not conventionally served. BRI API has been certified and received a permit from the regulator and until the end of 2019 has connected more than 100 business partners.
- **Cash Management System (CMS)**
The CMS application facilitates transactions from individual transaction to a mass transactions and provides a payment ecosystem from upstream to downstream. CMS performance in 2019 saw a significant increase over 2018.

- BRI has developed Supply Chain Financing (SCF), a financing solution through optimized working capital and liquidity management that is connected in the supply chain process to anchor companies, suppliers, distributors/agents and end users in one supply chain with an underlying trade transaction or loan. By the end of 2019 there has been six additional corporate SCF principals.
- **BRIGOVSTORE**, is a pilot project which began operating every fourth quarter at the Ministry of Finance. BRIGOVSTORE is a marketplace specifically designed to meet the needs of the Ministry of Finance and its work in procuring goods and services worth less than Rp200,000,000. The marketplace platform is expected to be a BRI's solution in order to close transactions/ flow of funds to procure goods and services from government work units to vendors to keep circulating within BRI.

DIGITAL TRANSFORMATION WITHOUT LAYOFFS

BRI has a policy to realize digital banking with a commitment to avoid termination of employment. The digitalized banking services have the consequence that a number of jobs will be taken over by machines. However, it will not be a reason for BRI to lay off the employees, in line with its commitment to contribute to the achievement of the Sustainable Development Goals (SDGs).



BRI became the first state-owned bank to have an online loan application: 'Ceria' as a means to provide digital financial products



Kinerja Cash management Sistem

Description	Unit	2017	2018	2019
Total Customers	Unit	15,087	19,682	23,970
Total Transaction	Million	39.36	46.96	57.42
Transaction Volume	Trillion	1,424	2,006	2,634





MOVING FORWARD TOGETHER IN RESPONDING TO CLIMATE CHANGE

As a state-owned enterprise (SOE), BRI also supports and contributes to the Government of Indonesia's efforts to respond to climate change.

Based on material topics, information disclosure on environmental management performance includes energy use and emissions control. Information about other non-material topics are also disclosed.



» Energy Use

Energy management in 2019 continued the policy of saving energy consumption, in line with JBR Division Letter No.B.612-JBR/KJR/07/2013, on saving energy, water, and other natural resources. Disclosure of information on energy management in this Report covers the Head Office in Jakarta and does not include other work units. The report does not include energy management by BRI's external parties. [302-1][302-2][POJK51-6.d.3.b]

ENERGY CONSUMPTION BASED ON ENERGY SOURCES

[302-1][POJK51-6.d.3.a]

The energy used at the Head Office in BRI I and BRI II buildings is sourced from electricity supplied by PT PLN (Persero) and the use of fuel oil for operational vehicles. Total electricity consumption at BRI Head Office in 2019 reached 11,742,243 kWh, up 10.64% from 10,613,440 kWh in 2018. The total energy use of electricity is expressed in GigaJoules (GJ) energy units, which were calculated based

on a conversion of 1 kWh equivalent to 0.0036 GJ according to International Unit (SI) standards. Thus the amount of energy consumption at BRI Head Office in 2019 reached 42,272.08 GJ, higher than the 38,208.38 GJ in 2018. This was due to the additional facilities and infrastructure, as well as the number of work units.

Total oil fuel consumption for operational vehicles in 2019 reached 262.26 kilo liters (kl), up 31.75 kl from 230.51 kl in 2018. The total energy consumption from operational vehicle consumption is expressed in GigaJoules (GJ) energy units, which are calculated based on the conversion of 1 kl of oil fuel equivalent to 40,197 GJ according to international unit standards. Total energy consumption in 2019 was based on operational vehicle use of 10,542.22 GJ, an increase from 9,265.95 GJ in 2018. The increase in oil fuel consumption was due to additional operational work units.

Volume of Energy Consumption by Source [302-1]

Description	Unit	2017	2018	2019
Electricity	kWh	7,993,500	10,613,440	11,742,243
	GJ	28,777	38,302	42,272
Oil Fuel	KL	219	231	262
	GJ	8,822	9,266	10,542

ENERGY VOLUME AND INTENSITY

[302-3]

Energy intensity is calculated as the amount of energy consumption per square meter of floor area in BRI I and BRI II buildings rented by BRI. In 2019 the energy intensity reached 0.52 GJ/m², up from 0.58 GJ/m² in 2018. This was due to increased electricity and fuel consumption in line with additional work units.

Energy Intensity [302-3]

Description	Unit	2017	2018	2019
Total Energy Consumption (Electricity)	GJ	28,777	38,302	42,272
Head Office Area	M ²	81,542	81,542	81,542
Intensity Energy	GJ/ M ²	0.35	0.47	0.52

ENERGY SAVING ^[302-4]

BRI is committed to continue energy saving, to contribute to the reduction of greenhouse gas (GHG) emissions from electricity use at the Head Office and fuel consumption of operational vehicles. During 2019, BRI continued to save electricity, including for certain banking products or services: ^[302-4]

1. Operating solar powered automated teller machines (ATMs) for electricity generation. Until the end of 2019, there have been three solar powered ATMs in operation.
2. Operation of Cash Recycle Machine (CRM) ATM, which is an ATM that can function as an ATM for deposits and

withdrawals. CRM ATM operations replaced the old model of ATMs that require two different machines to deposit and withdraw. With CRM, only one machine is operated, thus saving electricity consumption.

3. Using of energy-saving lamps to replace the old model lamps that consume more electricity.
4. Setting air temperature while maintaining quality of near zero downtime.
5. Adding integrated servers along with additional work units, to centralize data management.

» Efforts and Achievement of Emission Reduction

BRI'S SUPPORT FOR THE PARIS AGREEMENT

On April 22, 2016 the Government of Indonesia signed the Paris Agreement, an agreement in the United Nations Framework Convention on Climate Change (UNFCCC), on mitigating greenhouse gas (GHG) emissions, adaptation, and finance. Through the Paris Agreement, the world agreed to put a halt to rising global temperatures to reduce the risks and impacts of climate change. Together the world will attempt to improve its ability to adapt to the impact of climate change, increase climate resilience, and carry out development that is low in GHG emissions without threatening food production, and create a consistent financial flow for achieving low-GHG development and climate resilience.

As a state-owned enterprise (SOE), BRI also supports and contributes directly or indirectly, to the efforts of the Government of Indonesia to realize the contents of ratification in the Paris Agreement. The efforts initiated by the Government of Indonesia were set out in Nationally Determined Contributions (NDC). Under the NDC, Indonesia will reduce GHG emissions by 29% or 41% with external assistance by 2030. The target will be achieved through reducing GHG emissions in the forestry sector (17.2%), energy (11%), agriculture (0.32%), industry (0.10%) and waste (0.38%).

CLIMATE CHANGE SCENARIO ANALYSIS

BRI is aware that GHG emissions have a direct impact on the increase in earth's temperature which will affect human life. Analysis of climate change in this report was based on assumptions that might occur in the future, and publications from various parties. One of them was the report of the World Food Organization (FAO) which stated that if global temperatures rise 2 degrees Celsius, an estimated 189 million people will experience food vulnerability. The figure, according to data from the World Food Program (WFP), increased by 20% compared to today. By 2019 the increase in global temperatures has reached 1.1 degrees Celsius compared to 1850.

Data from Global Commission on Adaptation 2019 published by national mass media, revealed that the agriculture sector will suffer 26% due to disasters related to climate change in developing countries. At the same time, global demand for food will increase by 50% and without ambitious actions to suppress climate change, yields may decrease by up to 30%.

According to the Meteorology, Climatology and Geophysics (BMKG) publication, Indonesia is estimated to experience a trend of rising temperatures by 0.5 degrees Celsius by 2030. These conditions also contribute to climate change in Indonesia, and trigger an increase in drought by up to



20% from the current conditions during dry season, while the rainy season is predicted to increase the amount of heavy extreme rain by 40%.

GOVERNANCE AND STRATEGY IN RESPONDING TO CLIMATE CHANGE [\[FS1\]](#)

BRI became the first banking operator to apply sustainable finance principles, in line with the Republic of Indonesia Financial Services Authority (FSA or OJK) Regulation and Decree of BRI Board of Directors No.: S.05-DIR/EMP/ 07/2018 on Sustainability General Policy of PT Bank Rakyat Indonesia (Persero) Tbk. The person in charge of the sustainable finance program is the Director of Risk Management, supported by various divisions in all directorates and the Internal Audit Unit, under the coordination of the Enterprise Risk and Portfolio Management Division. In each work unit, the person in charge is the head of the work unit who periodically reports to the Board of Directors. The policies on sustainability are reviewed twice a year.

BRI has prepared a Sustainable Financial Action Plan (RAKB), based on Decree of the Board of Directors No.: S.118-DIR/EMP/02/2019 on the Sustainable Finance Action Plan 2019-2023 for PT Bank Rakyat Indonesia (Persero) Tbk. The RAKB is a document that describes BRI's short-term (one-year) and long-term (five-year) business activity plans and work programs, which are in line with sustainable finance principles.

The work programs that have been planned as BRI's response to climate change, include:

- Conducting environmentally friendly funding (green funding) activities with improvements to environmental, social and governance (ESG) indicators.
- Mapping sustainable business portfolios and risks of climate change as well as making financing policies for environmentally friendly business sectors.
- Managing the Company's operations efficiently, environmentally friendly and do not damage the environment.
- Education and training for employees, customers and the community to raise awareness about sustainable finance.



FINANCING BASED ON SUSTAINABLE BUSINESS PORTFOLIO [\[POJK51-6.c.1\]](#)

BRI's business sector is financial services, thus the provision of BRI products and services can have direct or indirect impacts on sustainability issues, such as water-related risks (floods, water scarcity, pollution), risks related to human rights and affected local communities, risks of labor rights and Occupational Health & Safety (OHS), biodiversity and deforestation in customers' activities.

Therefore GHG emission control activities are carried out indirectly through financing sustainable and environmentally friendly activities and businesses. The Bank has not collected data on the percentage and number of debtors who cooperated with other parties related to environmental and social aspects. [\[FS10\]](#)

BRI is committed to increasing corporate business financing, which is part of sustainable finance, to at least 15% of the corporate credit portfolio. In 2019, BRI continued its commitment to provide funding in several sectors that have complied with the criteria of the Ministry of Environment and Forestry (KLHK) in performing environmental management (PROPER). BRI's total financing in the sectors of KLHK PROPER recipients in 2019 reached Rp200 trillion, an increase of Rp170 trillion or 567% from Rp30 trillion in 2018. In addition, the percentage of total financing to PROPER debtors was 14.58% of the Bank's total financing assets. [\[FS11\]](#)

PROPER Rating of Corporate Financing Recipients [FS11]

PROPER Rating	2017	2018	2019
Gold	4	4	4
Green	6	6	17
Blue	14	17	55
Total	24	27	104

BRI's Nominal Value for PROPER Rating Recipients

Peringkat PROPER	Unit	2017	2018	2019
Gold	Rp trillion	4	15	61
Green		4	8	61
Blue		8	7	78
Total		16	30	200

Specifically for palm oil plantation financing, BRI has included the requirements for sustainable palm oil certificates, both Indonesian Sustainable Palm Oil (ISPO) and Roundtable on Sustainable Palm Oil (RSPO) according to BRI Sectoral policy on Agribusiness through Circular Letter No:S.24-DIR/DMR/04/2017 on Environment, Social and Governance Risk Management Policy of Oil Palm.

In 2019 BRI provided financing to 27 ISPO and/or RSPO certified debtors with a total financing value of Rp25,139 billion. This figure was an increase from Rp17,490 billion for 26 debtors in 2018. This was due to the increased use of credit facilities by debtors which in the majority of cases were in the form of plantation investment credit that was still under development.

Number of ISPO/RSPO Certified Companies [FS8]

Description	2017	2018	2019
RSPO Certified	4	12	12
In the Process of RSPO Certification	0	0	0
ISPO Certified	17	14	24
In the Process of ISPO Certification	0	26	11

Nominal Value of Sustainable Palm Oil Financing (Rp billion) [FS8]

Description	2017	2018	2019
RSPO Certified	9,707	12,925	15,747
In the Process of RSPO Certification	0	0	0
ISPO Certified	13,542	4,566	9,446
In the Process of ISPO Certification	0	9,472	6,174



Moving Forward Together in Responding to Climate Change

Nominal Value of Infrastructure Sector Financing (Rp trillion)

Infrastructure financing during 2019 comprised several sub-sectors that support sustainable growth. As of the end of 2019, the outstanding value of infrastructure financing reached Rp60.93 trillion. The amount increased by Rp4.98 billion or 8.90% from Rp55.95 trillion in 2018. ^[203-1]



Total Financing
(Rp trillion)

48.21	55.95	60.93
2017	2018	2019



Electricity
(Rp trillion)

28.39	32.23	36.63
2017	2018	2019



Energy (Oil,
Gas, Water)
(Rp trillion)

1.42	1.30	1.06
2017	2018	2019



Airport
(Rp trillion)

1.43	1.28	1.14
2017	2018	2019



Telecommunication
(Rp trillion)

2.18	1.00	1.72
2017	2018	2019

AIRPORT



Port
(Rp trillion)

1.16	0.99	1.31
2017	2018	2019



Toll Road &
Construction
(Rp trillion)

10.32	17.15	17.03
2017	2018	2019



Transportation
(Rp trillion)

5.81	2.00	2.05
2017	2018	2019

Financing Allocation to Electricity Sub-sector 2019 ^[FS8]



Total Financing

Total Financing
(Rp trillion)
36.63

Percentage (%)
100.00

The electricity sub-sector received the largest portion of financing, in the form of BRI's support for the Government's program to build 35,000 MegaWatt (MW) power plants. Total electricity sub-sector financing in 2019 reached Rp36.63 trillion or 60.12% of total infrastructure financing, and increased by Rp4.4 billion or 13.65% from Rp32.23 trillion in 2018. Some Rp3.57 trillion was used for the construction of renewable energy power plants, such as hydroelectric power plants (PLTA), while Rp7.58 trillion was used to finance coal-fired power plants (PLTU), which were categorized as non-renewable energy sources.



New and Renewable Energy Pembangkit Listrik Tenaga Air (PLTA)

Total Financing
(Rp trillion)
3.57

Percentage (%)
9.75



New and Renewable Energy Lainnya

Total Financing
(Rp trillion)
0.27

Percentage (%)
0.74



Non-renewable Energy Coal-fired Power Plant (PLTU)

Total Financing
(Rp trillion)
32.79

Percentage (%)
89.52





Other sub-sectors receiving infrastructure financing were toll roads and construction. The total financing value in 2019 reached Rp17.03 trillion or 27.95% of BRI's infrastructure financing ceiling. The toll road sector financing is based on supporting the smooth traffic flow of motor vehicles, which will reduce fuel consumption and exhaust emissions.

In 2019 BRI launched financing for environmentally friendly low carbon emission vehicles (LCEV), in collaboration with Brand Holder Agents or APM that have produced and are ready to sell electric vehicles in Indonesia to support the LCEV program. The financing facility is BRI's effort to support the creation of a green environment through GHG emissions reduction. BRI also participates in the achievement of the electric vehicle development target according to the national motor vehicle development roadmap, as a follow-up to Presidential Regulation No. 55/2019 concerning the Battery-based Electric Vehicle Program. The roadmap has set a target that 20% of vehicles produced in Indonesia will be LCEV vehicles, including electric vehicles, by 2025. [F55]

FINANCING REVIEW [F53]

Environmental, Social, and Governance issues become guidelines for the implementation of sustainability risk management based on the Bank's three lines of defense. Therefore, BRI developed a framework for risk assessment on customer business activities based on their sustainability capacity, commitment and track records. BRI also regularly conducts monitoring and evaluation to ensure that debtors apply the sustainable finance principles at least once a year. The evaluation is done by scrutinizing the environmental and social management reports submitted by the debtor, including a sustainability report. The results of the evaluation are used by BRI in reviewing the financing received by the debtor. BRI will engage with customers to improve their sustainability performance based on the action plan with specific deadlines that have been mutually agreed upon. If the debtor is found to have neglected the environmental and social management in accordance with sustainable financial principles, BRI may decide to stop the financing.

AMOUNT AND INTENSITY OF EMISSIONS

Indirect GHG emissions come from the use of electricity, while the source of direct GHG emissions comes is the use of operational vehicles and business travel of BRI employees. Until the end of the reporting period, we have not calculated the total emissions generated and how it compares to 2018. Therefore, this report does not present the results of the emission intensity calculation in 2019.

[305-1][305-2][305-3][305-4]

EFFORTS TO REDUCE GHG EMISSIONS

BRI's commitment to reduce GHG emissions is carried out through policy of prioritizing travel by plane and optimizing teleconferencing for coordination between work units. The priority for making business travel by air was based on a publication of the Indonesian Agency for the Assessment and Application of Technology (BPPT), that showed that globally aircraft produce 2% of total CO₂ emissions per year, or about 13% of CO₂ emissions generated by all vehicles and predicted to rise to 3% by 2050. However until the end of the reporting period the number of business trips by air has increased compared to 2018, along with an increase in business and social activities including the handling of natural disasters. [305-5]

In addition, the digitalization process has been carried out indirectly to help reduce CO₂ emissions. In 2019, BRI minimized visits to branches and replaced them with the use of online banking services. This way BRI managed to save a minimum of 15,962.69 tons of CO₂t equivalent and a maximum of 18,193.94 tons of CO₂t equivalent.

Number of BRI Employee Business Trips

Mode of Transportation	2017	2018	2019
Airplane	53,098	106,545	166,231
Train	13,691	13,825	45,078
Car	66,612	95,226	249,535
Ship	5,784	5,626	12,384
total	141,185	221,222	473,228

Number of Teleconferences

2017	2018	2019
277	382	1,983



BRI also optimizes banking service products that support GHG emission reduction, including the BRIZZI card, which is electronic money to substitute cash as a means of payment and can be used for purchases or other transactions. One of the uses of the BRIZZI card is as a means of payment for purchasing tickets for TransJakarta bus, Commuterline, and mass rapid transportation (MRT), which are modes of environmentally friendly public transportation with low GHG emissions.

By the end of 2019 there were more than 8.88 million transactions using the BRIZZI card for public transportation, such as TransJakarta and Commuterline. That number increased significantly compared to 3.99 million transactions in 2018. This shows that BRIZZI card has been able to promote changes in people's behavior, especially in the city of Jakarta and surrounding areas, to switch from using fossil fuel private vehicles to environmentally friendly public transportation based on gas fuel (TransJakarta) and electricity (Commuterline). [305-5]

[SDG 11]

Utilization of Electronic Money (BRIZZI) Transactions

Transaction		Total Transactions	
		2018	2019
Public Transaction	TransJakarta	1,756,731	5,110,915
	Commuterline	2,246,239	3,780,600
	MRT	-	548,549
Toll		528,107,224	491,162,421
Total		532,110,194	500,602,485

BRI has started a campaign to reduce plastic consumption. In addition to reducing plastic waste from operational activities, this campaign is based on the recent research results released on national mass media publications that plastics contribute 3.8% of global GHG emissions. Global plastic demand, which increases 4% every year, will generate GHG emissions from plastic production process, up to 15% in 2050 if not controlled.

BRI's first targeted its employees through internal campaigns to change the behavior by reducing the use of plastic. BRI will then expand its plastic consumption reduction campaign to customers and other stakeholders, including partners and suppliers in the company's supply chain. [305-5]



» Use of Environmentally Friendly Materials, Waste and Effluent Reduction, and Biodiversity Preservation

“

The volume of paper used in 2019 decreased by 4,411 kilograms compared to 2018 and this amount can be converted to a CO₂ reduction of 60.69 tons CO₂eq

”

USE OF ENVIRONMENTALLY FRIENDLY MATERIALS

BRI is engaged in financial services, therefore the materials used are generally environmentally friendly. The use of hazardous and toxic materials categorised as B3 is related to information technology (IT) devices. There is no recycled material used in operations either at the Head Office or Regional Offices. However, in some cases, BRI reuses materials, such as used paper, for administrative purposes.

WASTE AND EFFLUENT REDUCTION [POJK51-6.e.5.b]

Disclosure of information on the waste and effluent management only covers Head Office and does not include other work units. In general, waste generated from BRI's operational activities comprised solid waste and effluent. Waste and effluent management is carried out depending on the form of waste. BRI made sure that in 2019 there were no spills of hazardous substances that polluted the environment and no transporting of hazardous and toxic waste (B3). [306-2][306-3][306-4]

Types of Waste Generated and Processing Methods 2019 [306-1][306-2][306-5]

Type of Waste	Source	Volume Generated and Managed	Management and Processing
Non-hazardous and toxic (B3) Solid Waste			
Used paper.	From administrative activities and documentation.	Not calculated yet.	Recycled and reused by third party.
Hazardous and Toxic (B3) Solid Waste			
Used equipment, including ATMs.	Supporting facilities for banking services and operations.	Not calculated yet.	Stored in each work unit, as Company inventory.
Used information technology devices.			Sold to third parties through auctions after receiving permission from the Ministry of SOEs.
Non-Hazardous and Toxic (B3) Liquid Waste			
Greywater.	From domestic activities.	Not calculated yet.	Recycled and reprocessed through a wastewater treatment plant (IPAL) operated by BRI I and BRI II building management, thus none was discharged directly into water bodies. No water body was disrupted due to treated grey water discharge.



PAPER USE REDUCTION [POJK51-6.e.5.a]

The use of information technology (IT) in supporting administrative processes, documentation and banking services, directly minimizes the use of paper. The amount of paper used at BRI Head Office in 2019 reached 11,877 reams, decreasing by 1,764 reams or 12.93% from 13,641 reams in 2018.

With the assumption that one ream contains 500 sheets of 5-gram paper, then the weight of one ream is equivalent to 2.5 kilograms. Thus the total volume of paper used in 2019 decreased by 4,411 kilograms compared to 2018.

Volume of Use and Procurement Value of Paper

Description	Unit	2017	2018	2019
Paper Consumption Volume	Ream	30,800	13,641	11,877
	Kg	77,000	34,103	29,692
Paper Procurement Costs	Rp million	1,007	652	558

The effort to reduce paper use by sending billing e-statement to credit card holders, not only uses less of paper but is also cost efficient. Sending billing e-statements

in larger numbers, costs less than sending the physical sheets of paper even though they are lower in numbers.

Comparison of Credit Card Billing Delivery Cost

Description	2018	2019
Physical Billing Delivery		
Number of Accounts	1,101,009	918,381
Cost	Rp4,972,749,020	Rp4,253,401,676
Billing E-Statement Delivery		
Number of Accounts	3,339,340	4,266,189
Cost	Rp2,415,877,146	Rp2,955,023,793



» Biodiversity Preservation

BRI, through regional and branch offices, is committed to supporting efforts to preserve the environment, including maintaining biodiversity. As of the end of 2019, we have carried out two main activities.

1. Assistance of mangrove seedlings planted in several coastal areas. Mangrove seedling planting is expected to help restore the coastal ecosystem in the next few years, to become a new habitat for species in the coastal ecosystem. The mangroves will also reduce the disaster of abrasion. By the end of 2019, the mangrove seedling assistance was conducted by BRI Regional Office in Denpasar in collaboration with the KEHATI Foundation, the Ministry of Environment and Forestry (KLHK), The International Tropical Timber Organization (ITTO) and the International Society for
2. River conservation in several regions in Indonesia. The activities were carried out as part of BRI's *Peduli* Program, by turning riverbank areas into parks and green open spaces (RTH) that can be enjoyed by the community. River conservation is expected to encourage the community to care more about preserving the area surrounding the river. By the end of the reporting period, river conservation activities have been carried out in 19 regions across Indonesia.

Mangrove Ecosystem (ISME). In addition BRI Ende Branch also donated 4,000 mangrove seedlings to be planted on the north coast of Ende Regency.



» BRI Green Building

BRI upholds sustainability principles in every aspect of its activities, including the construction process of Gatot Subroto Tower. Since the planning stage, Gatot Subroto Tower has been designed as a building with an efficient use of resources (electricity, water, and other resources) that aims to maintain the quality of life of its occupants and the surrounding natural environment.

The planning and construction process of Gatot Subroto Tower refers to several guidelines for evaluating the Green Building certification assessment by the Green Building Council Indonesia (GBCI). The evaluation is carried out based on the following considerations:

1. **Appropriate Site Development (ASD)**
 - Gatot Subroto Tower is built on land close to public facilities that can be easily accessed by occupants with a maximum distance of 1,500 meters. The public facilities include public transportation, houses of worship, hospital, restaurants, accommodation, multipurpose buildings, playgrounds, and sports facilities. This has an impact on reducing operational costs and increasing the productivity of workers and occupants of Gatot Subroto Tower.
 - The availability of a green area that is balanced with the building area, and the selection of vegetation both with shade and/or aesthetic functions.
 - The availability of lanes and bicycle parking lots with toilet facilities that can be easily accessed by occupants of Gatot Subroto Tower.
 - The use of rainwater infiltration technology as a solution for handling rainwater runoff.
2. **Energy Efficiency & Conservation (EEC)**

Gatot Subroto Tower was designed as a building with that uses electricity efficiently, especially for the air conditioning systems.
3. **Water Conservation (WAC)**

Utilization of rainwater that is stored and processed for later reuse (rain harvesting).
4. **Material Resource and Cycle (MRC)**

Gatot Subroto Tower is built using renewable materials or materials that are sustainably managed (such as wood from trees in industrial forests), has elements of recycled materials, and those that are reusable/recyclable.
5. **Indoor Air Health and Comfort (IHC)**
 - Temperature and humidity are regulated and conditioned for the convenience of occupants of Gatot Subroto Tower.
 - The noise level from both inside and outside is reduced.
 - The level of lighting in accordance with eye requirements, by using the most efficient lighting, adjusting the material and color of the surface of the room (walls, floors, ceilings), with the number of lumens and the number of lamps adjusted to the function of the room.
 - Controlling air pollution by using paints and coatings that contain low levels of volatic organic compounds that have been certified Green Building by the Green Building Council Indonesia (GBCI), not using materials that contain asbestos, the use of composite wood products with low formaldehyde levels.
6. **Building and Environment Management (BEM).**
7. **Building an installation or facility to sort waste by type (organic, inorganic and toxic & hazardous).**





INCREASING EMPLOYEE CAPACITY AND SERVING CUSTOMERS

BRI is committed to providing access to financial services to people from all walks of life including those who have not yet received banking services, which are supported by employees who have the capacity to support the application of sustainable finance principles and sincere services to customers.

In line with the topic under consideration, information disclosure in this section relates to employment and customer information protection.



» Human Capital Management and Employment

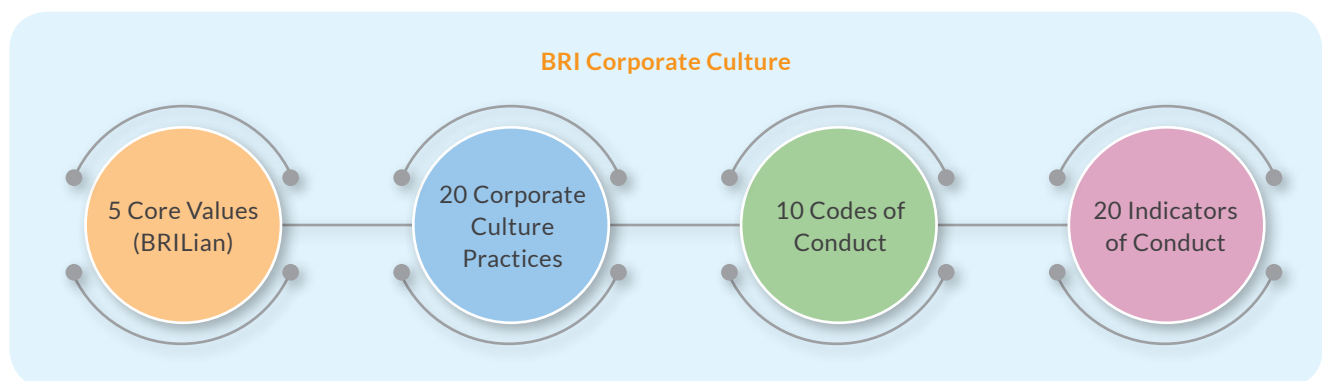


BRI views employees as human capital and continues to increase their value through training and developing the ability of employees with the best talents to support the application of sustainable finance.



BUILDING CORPORATE CULTURE TOWARDS BRI ASPIRATION 2022 [POJK51-6.a]

One important aspect to realize BRI Aspiration 2022 is to become the Home to the Best Talent, by implementing BRI Corporate Culture of Sustainability that contains 5 Core Values, 10 Conducts, 20 Conduct Indicators and 20 Corporate Culture Practices.



GENDER DIVERSITY

We provide the opportunity for all Indonesian citizens to work and have a career in BRI, avoiding any form of discrimination that has the potential to violate human rights. The recruitment process is carried out through open selection, while opportunities for employee career development are based on the results of clear assessment criteria. The recruitment process takes place openly and is published on the website <http://e-recruitment.bri.co.id>, and a selection process carried out by the Head Office, Regional Offices and Branch Offices of BRI imposes a minimum age requirement for employee candidates of 21 years of age, so as to avoid employing underage children.

[408-1] [POJK51-6.c.2.a]

In 2019 BRI recruited 6,560 new employees, consisting of 3,001 male and 3,543 female fresh graduates, as well as 15 male and 1 female experienced workers. The number of new employees recruited in 2019 was higher than in 2018 with 4,543 people. This was in line with our recruitment strategy and planning in 2019 due to the retirement of many employees during the year.

New Employee Recruitment Channel By Gender [401-1]

Recruitment Channel	2017			2018			2019		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Total SDP*	38	21	59	15	7	22	132	88	220
Total Marketing Staff, Admin & Frontliners	5,731	2,274	8,005	703	933	1,636	2,868	3,455	6,323
Others	22	6	28	1,598	1,268	2,866	1	0	1
Total Fresh Graduates		8,092			4,524			6,544	
Total Experienced		10			19			16	
Grand Total		8,102			4,543			6,560	

* SDP : Staff Development Program

New Employee Placement Location By Region [401-1]

Region	2017		2018		2019	
	Male	Female	Male	Female	Male	Female
Jakarta	807	347	337	469	519	721
Sumatra	1,073	346	482	478	558	811
West Java	882	143	357	320	348	338
Central Java and Yogyakarta	988	399	484	318	511	283
East Java	897	524	208	238	357	440
Eastern Indonesia and Central Indonesia	1,161	535	463	389	723	951
Other	0	0	0	0	0	0
Total	5,808	2,294	2,331	2,212	3,016	3,544
	8,102		4,543		6,560	



Improving Employee Capacity and Serving Our Customers

New Employee Composition by Age Group [401-1]

Jalur Penerimaan	2017		2018		2019	
	Male	Female	Male	Female	Male	Female
< 31	5,522	2,082	2,270	2,192	2,973	3,519
31 – 40	274	209	57	20	39	25
41 – 50	5	1	2	0	3	0
> 50	7	3	2	0	1	0
Total	5,808	2,294	2,331	2,212	3,016	3,544
	8,102		4,543		6,560	

GENDER EQUALITY

BRI provides equal opportunities of decent work and career development for every employee. Job promotion is based on the performance assessment results of each employee, regardless of gender, age, ethnicity, religion, race or other discriminatory factors. Only employees with the best performance assessment results are promoted to positions and jobs in the Company. A total of 12,816 employees were promoted in 2019, or 13.98% of BRI's total workforce. During 2019 BRI received no complaints over discriminatory practices against employees at work.

[406-1] [POJK51-6.c.2.a]

Employee Promotion

2019	12,816
2018	12,052
2017	18,465

Management Composition Of 2019 By Gender and Age Group [401-1]

Position Group	Gender		Age Group			
	Male	Female	< 30	31 – 40	41 – 50	> 50
Management						
Senior Executive Vice President	2	2	-	-	-	4
Executive Vice President	96	13	-	1	19	89
Vice President	153	24	-	9	42	126
Assistant Vice President	282	63	-	39	154	152
Senior Manager	604	184	3	416	245	124
Manager	1,159	373	112	948	304	168
Total Management	2,296	659	115	1,413	764	663
Total	5,808	2,294	2,331	2,212	3,016	3,544

Management Composition of 2019 by Gender and Age Group [401-1]

Position Group	Gender		Age Group			
	Male	Female	< 30	31 – 40	41 – 50	> 50
Non Management						
Assistant Manager	4,080	1,197	1,457	1,323	1,333	1,164
Officer	8,514	4,060	927	5,784	4,003	1,860
Assistant	37,407	33,407	40,049	27,045	2,648	1,072
Total Non Management	50,001	38,664	42,433	34,152	7,984	4,096
Note	91,620		42,548	35,565	8,748	4,759
			91,620			

BRI also provides opportunities for disabled people to work at the Company, based on Board of Directors' Decree No.B.4e-PKO/KKO/01/2016 dated January 20, 2016. Each regional office can hire at least one disabled person as an employee at BRI. In 2019 there were 6 new disabled employees recruited, and by the end of 2019 BRI had hired 71 disabled people. They are located at regional offices.

[POJK51-6.c.2.a]

Composition of Disabled Employees By Placement Region 2019 [401-1]

Office	2018		2019	
	Male	Female	Male	Female
Head Office	21	13	15	12
Regional Office	34	27	18	21
Grand Total	55	40	38	33
	95		71	

One of the purposes of hiring new employees is to replace employees who leave the company due to resignation at their own request (turnover). BRI annually calculates the employee turnover ratio, which is a percentage of the number of permanent employees leaving the Company to the average number of permanent employees during the year. BRI's employee turnover ratio in 2019 was 2.29%, a decrease from 2.83% in 2018. The number of employees leaving the Company was 2,668 people, a decrease from 2,734 employees in 2018. [401-1]

Employee Turnover Rate [401-1]

Description	2017	2018	2019
New Employee Recruitment	8,102	4,543	6,560
Employee Resignation	3,922	2,743	2,668
Total Employees by End of Year	60,764	60,946	61,496
Employee Turnover Ratio	1.22%	2.83%	2.29%



Improving Employee Capacity and Serving Our Customers

Number of Employees Leaving and Reasons [401-1]

Reasons	2017		2018		2019	
	Male	Female	Male	Female	Male	Female
Normal Retirement	644	108	522	118	607	224
Early Retirement	8	5	9	6	9	1
Resignation	1,447	887	887	832	860	545
Pased Away	105	26	74	30	95	11
Others	282	118	193	63	254	62
Total	2,218	1,794	1,686	1,049	1,825	843
	3,922		2,734		2,668	

Employee Turnover Rate By Region [401-1]

Work Region	Total Employees	Total Employee Turnover	Percentage
Jakarta	9,890	217	2%
Sumatra	12,297	334	3%
West Java	5,981	101	2%
Central Java and Yogyakarta	10,435	231	2%
East Java	8,781	167	2%
Eastern and Central Indonesia	14,063	354	3%
Others	39	1	3%

Employee Turnover Rate By Age [401-1]

Age Group	Male	Female
< 30	2%	2%
> 51	3%	3%
31 - 40	2%	3%
41 - 50	2%	2%

BUILDING EMPLOYMENT RELATIONS

Employment relations with employees are built on mutual respect and formalized by the Collective Labor Agreement (PKB) that has been agreed upon by the labor union. The current CLA is for the period 2019-2021 and protects all employees of BRI, including employees who are not union members. CLA regulates all aspects of employment relations including working hours to ensure that no employees are exposed to the risk of forced labor. This is in line with Law Number 19 of 1999 concerning Ratification of ILO Convention No. 105 on the Abolition of Forced Labor. [409-1][POJK51-6.c.2.a]

Every year BRI conducts an employee engagement survey, to find out how much employees are engaged with the Company. The survey is conducted by a Work Unit outside the Human Capital Directorate which is in charge of corporate research. The survey method used in analyzing engagement is the Aon Hewitt Engagement Model. The results of the survey in 2019 showed the Engagement Index of BRI Employees was 3.33 of a scale of 4. The index increased from 3.14 in 2018. The increase in the engagement index showed that the company's efforts in implementing human capital programs related to motivating career development, competitive employee rewards, and a comfortable work environment managed to positively increase engagement.

Employee Engagement Survey Results (Scale of 4)

Description	2017	2018	2019
Engagement Index	3.12	3.14	3.33
Percentage of Employees who engaged and performed	71.9%	76%	78.2%



ENSURING EMPLOYEE WELFARE

BRI's commitment to ensure its employees' welfare is manifested by providing remuneration and benefits in line with the provisions of the law. We do not differentiate remuneration and benefits by male or female employees. This policy is stipulated in Letter Number S.21-DIR/SDM/06/2004 dated May 24, 2004 on Regulations for Health Care Insurance for Employees. In general, the amount of remuneration and benefits received by BRI employees at the lowest level positions in each regional work unit is still higher than the Provincial Minimum Wage in the region where the work unit is located. In 2019 the average remuneration received by BRI employees was 109% of the provincial minimum wage. [\[202-1\]\[POJK51-6.c.2.b\]](#)

The remuneration components for BRI's permanent and contract employees consists of salaries and wages, incentives and benefits, overtime wages, health care and medical allowances, life and accident insurance, natural disaster and bereavement donations, maternity leave, menstrual leave, religious obligation leave, annual leave and membership in the Social Security Agency (BPJS). BRI provides remuneration and benefits to permanent employees, in the form of old age benefits, assignment/equality allowance, severance pay, the Defined Benefit Pension Program, and long service leave. BRI guarantees employees' rights to take maternity leave and leave for religious obligations and to return to work at their original position/occupation after completing the leave. [\[SDG 8\]\[401-2\]](#)



**BRI's Human Capital
Return on Investment
(HC ROI) in 2019 is
3.22**

We enrol our employees in the employment social security program. It shows BRI's commitment to increase the proportion of participants in the employment social security program as an indicator of achieving Goal 1 of the SDGs. The policy was set out in Letter No. B.256-DIR/KPS/04/2013 dated April 18, 2013 concerning the provisions of human resource management in the micro positions which requires prioritizing to hire those in the local community as BRI employees. [\[SDG 1\]](#)

BRI's commitment to the human capital (HC) development has managed to profit from investments in employees, as indicated by the Human Capital Return on Investments (HC ROI), which was at 3.22. This figure showed that each Rp1 spent by BRI in HC investment had a benefit value of Rp3.22.

DECENT AND SAFE WORKING ENVIRONMENT [\[POJK51-6.c.2.c\]](#)

BRI always strives to create a decent and safe work environment, to ensure employees' safety and health (OHS). Specifically at the BRI Head Office in Jakarta, OHS aspects are carried out collectively with BRI I and BRI II building management. However, BRI has a team that is responsible for carrying out the evacuation when faced with dangerous conditions and regularly conducts training with the building management.

Every work unit in the regions has been equipped with work safety equipment to deal with emergency situations including light fire extinguishers and is regularly inspected to ensure readiness for use in an emergency. BRI also provides employees with periodic medical check-up facilities and implements various health promotion programs for employees and their families. With a decent and safe work environment, the absenteeism rate of employees in 2019 was only 0.86%.

BUSINESS CONTINUITY MANAGEMENT

In order to support BRI's business continuity and to pay attention to the potential disasters in the work unit area, we have established NOSE Circular Letter: S.26-DIR/DMR/12/2016 dated December 28, 2016 on Business Continuity Management (BCM) of PT Bank Rakyat Indonesia (Persero), Tbk. These provisions are compiled as a policy reference and standard procedure for all BRI Work Units in carrying out critical business/operational activities in a tolerable timeframe, in the event of a disruption/disaster situation to minimize operational, financial, legal, reputation impacts, and other impacts that may arise.

The steps in implementing Business Continuity Management (BCM) are:

- Identifying the Disaster Risk and making a Threat Assessment.
- Identifying Business Impact Analysis (BIA).
- Preparing a Recovery Strategy.
- Preparing an Emergency Response Plan (ERP).
- Preparing a Business Continuity Plan (BCP)/Business Continuity Plan (RKU).
- Conducting trials regularly.
- Updating and distributing BCM documents.
- Conducting supervision.

BRI has a BCM organizational structure stipulated in Decree of Board of Directors No.: S.677-DIR/MOP/10/2019 dated October 8, 2019, which consists of:

1. Business Continuity Maintenance Team

The team is responsible for maintaining BCM programs before disruptions/disasters or in normal situations which include management of BRI's BCM programs, internalizing disaster response culture and caring for business continuity as well as overseeing the implementation of BCM programs in BRI.

2. Crisis Management Team

The team is responsible for taking the necessary actions in the event of a disruption/disaster including identification of the disruption/disaster, life safety of employees, customers and other stakeholders within BRI Work Units, as well as operational recovery including coordination with Work Units and related institutions.

EDUCATION AND TRAINING FOR FUTURE LEADERS

In line with our vision to be home to the best talent, BRI provides education and training to all employees at all levels and positions. Education and training are carried out through public courses as well as in-class learning and e-learning. BRI provides equal opportunities for each employee to attend training, according to the organization's needs. During 2019 there were 129,275 employees who participated in education and training programs, with total training hours of 3,229,664 hours. Thus the average hours of education/training per participant was 25 hours. [\[404-1\]\[POJK51-6.c.2.d\]](#)



Number of Education/Training Hours and Participants [\[404-1\]](#)

Uraian	2017	2018	2019
Number of Participants	1,774,109	2,967,516	4,054,872
Number of Education/Training Hours	6,701,928	10,754,379	14,639,065
Average	90	76	116



Improving Employee Capacity and Serving Our Customers →

Number of Education/Training Participants Based on Position Grade (In-class) [404-1]

Position Grade	2017		2018		2019	
	♂ Male	♀ Female	♂ Male	♀ Female	♂ Male	♀ Female
Top Management (VP – SEVP)	279	33	864	94	1,183	174
Middle Mangement (AM-AVP)	6,147	1,647	13,539	3,690	17,102	5,087
Operation (Assistant – Officer)	46,008	38,717	73,594	37,231	61,845	43,881
Total	52,434	40,424	87,997	41,015	80,130	49,142
	92,858		129,012		129,272	

Number of Education/Training Hours By Type of Education [404-1]

Description	2017	2018	2019
Enhancement (In-Class & e-learning BRI)	5,611,144	10,065,955	13,608,137
Development	872,102	635,611	918,662
Kursus Publik Oleh Pihak ketiga	152,614	41,800	77,088
Sertifikasi	68,068	11,013	35,178
Total	6,701,928	10,754,379	14,639,065

Number of Education/Training Participants By Type of Education [404-1]

Description	2017	2018	2019
Enhancement (In-Class & e-learning BRI)	1,504,946	2,791,404	3,914,290
Development	11,326	9,548	13,350
FPK/FGD	93,691	104,502	122,889
Public Courses by Third Parties*	2,320	1,998	2,494
Certification	915	626	1,849
Total	1,774,109	2,967,516	4,054,872

*restatement

In order to support the application of sustainable finance principles, BRI enrolls employees in competence improvement programs and activities. The materials provided are related to sustainable finance from various internal and external training/education programs, including environmental analyst training and seminars on new and renewable energy. [FS4][POJK51-6.c.2.d]

BRI CORPORATE UNIVERSITY

The implementation of education/training of BRI employees is supported by the BRI Corporate University (CorpU), which was established on December 15, 2015. The campus of BRI CorpU was built with the concept of digitalized infrastructure and has 143 permanent lecturers and 19 designer lecturers. BRI CorpU strives to develop competencies and SOE curriculum to be combined with the education curriculum at BRI CorpU. By the end of 2019, BRI CorpU had provided training for 4,054,872 participants and supported efforts to implement sustainable finance principles, including the Staff Development Program (SDP) Education.

Graduation of Staff Development Program [404-1]

Description	2018		2019	
	Number of Batch	Number of Participants	Number of Batch	Number of Participants
SDP General	2	37	4	89
SDP Information Technology	4	84	6	123
SDP Accounting*	n/a	n/a	1	8
ODP Internal*	n/a	n/a	3	143

*Commenced in 2019



BRILian SHINE

BRILian Scholarship Program or BRILian Shine is a scholarship program for outstanding students. This program is BRI's collaboration with leading universities in Indonesia including University of Indonesia (UI), Gadjah Mada University (UGM), the Sepuluh November Institute of Technology (ITS), Brawijaya University (UB), Bogor Agricultural Institute (IPB) and Telkom University to create new leaders for the future.

The scholarship program is BRI's commitment to support the government vision which prioritizes HR development in Indonesia. Through this program, BRI provides opportunities for the best students to develop and improve their respective competencies. The scholarships are given to university students starting semester 5 to 8 of their studies, in the form of tuition fee assistance, pocket money and thesis cost assistance. In addition, the students also receive laptops, IT workshops and character building.

The scholarship recipients will later have the opportunity to become BRI employees through the BRILian Future Leader Program (BFLP), as BRI's effort to realize the vision of Home to The Best Talent by 2022. In 2019, the Brilliant Scholarship Program was intended for outstanding students in the IT field. Going forward, the scholarship target will be expanded, to other fields/majors relevant to career paths at BRI.



» Serving and Protecting Customers

PRODUCT INNOVATION AND DEVELOPMENT

In line with the trends in digital lifestyles and environmental awareness, BRI continues to make innovations in our financial products and services. The innovations aim to strengthen BRI's position as a leading financial institution in digital banking in Indonesia, while continuing to prioritize the approach to the application of the principles of sustainable finance. During 2019 there were a number of financial products and services introduced to customers and the general public. [POJK51-6.c.2.d]

[FS15]



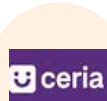
Sustainability Bond

The USD-denominated bonds worth USD500 million have a five-year tenure with a coupon rate of 3.95%, which is paid semi-annually. The green and social scheme bonds were issued in compliance with the ASEAN Sustainability Bond standards.



Motor Vehicle Credit Low Carbon Emission Vehicle (LCEV)

BRI offers a financing facility for low carbon emission vehicles, including electric vehicles, through BRI's Motor Vehicle Credit. This financing facility is BRI's effort to support the creation of a green environment by reducing greenhouse gas (GHG) emissions with the use of electric vehicles.



Online Loan: Ceria

BRI became the first state-owned bank to have an online loan application. The Ceria application was launched to target the millennial generation which is currently growing rapidly. Ceria application was created as fully digital, with a system of digital verification, digital scoring, to digital signature.



Junio Smart

Junio Smart is an integrated education platform for schools across Indonesia. With this platform, academic management and school administration become faster, more precise, and accurate. Through the Junio Smart application, it is easier for schools to manage finances, academic activities and send student information to students' parents using the web applications.



BRIApi

BRIAPI (BRI Application Programming Interface), is a system that allows third parties (e-commerce, fintech, digital startup, etc.) to be able to collaborate and integrate banking services and products from BRI easily and quickly, so that it can create new services that are more customer centric.



BRIMo

BRI Mobile is an application to facilitate the transactions of BRI customers, with a user-friendly interface, and user-friendly experience. With this application, customers or users do not need to come directly to a BRI branch to make transactions and simply use the existing features. The features can also be used by non-customers.



BRIMOLA

BRIMOLA is an application for ordering Pertamina 3-kg LPG from Depot to Agent quickly, easily and efficiently. Advantages of the BRIMOLA mobile application for depots:

1. Real time check of LPG quota info.
2. Ordering LPG easily online.
3. Minimizing input errors in ordering.
4. Ease and flexibility in payment through BRI Virtual Account.
5. Monitoring order status online.



Internet Banking Bisnis BRI

BRI Business Internet Banking (IBBIZ) is a banking service for BRI customers, especially retailers (hereinafter referred to as users), which enables them to obtain information and conduct banking transactions through the internet for business purposes.



Smart Billing BRI

BRI Smart Billing is designed to simplify the process of sending invoices and receiving bills. BRI Smart Billing is a fast, practical and safe invoice and billing management service for all needs.

With BRI Smart Billing, businesses can easily manage their receivables. In one application, you can monitor and send all your invoices to clients. This system has been equipped with features that make invoice management more efficient and timely.





PRODUCT EVALUATION AND CUSTOMER PROTECTION

Every banking product released to the public is always equipped with information on requirements and other information that should be known to customers and the public. BRI continually monitors and evaluates its products. The monitoring and evaluation aims to find out market and customer responses, including ensuring data security and protection for customers. The results of monitoring and evaluation are reported regularly to the Board of Directors and authorities.

From the results of monitoring and evaluation conducted, BRI ensures that there were no financial products or services that were declared problematic by the FSA or had to be withdrawn. BRI did not receive any financial fines or other legal sanctions over allegations of non-compliance or violations of information on banking products and/or services that have been released, as well as suspicions of violations or non-compliance with the provisions on marketing communications, promotions and sponsorship.

[417-3][POJK51-6.f.4][POJK51-6.f.3]

BRI is committed to protecting customer information/data, as compliance with: [418-1][POJK51-6.f.2]

- Law No.10 of 1998 concerning Amendments to Law No.7 of 1992 concerning Banking.
- Financial Services Authority Regulation No.1/POJK.07/2013 concerning Consumer Protection in the Financial Services Sector.

- FSA Circular Letter No.14/SEOJK.07/2014 Concerning Confidentiality and Security of Consumer Data and/or Personal Information.
- BRI's internal provisions regarding customer complaints, namely Board of Directors' Decree No.:S.1051-DIR/LCC/12/2016 concerning Policy and Procedure for Resolving Customer Complaints, and provisions confirming the protection of customer data and/or information in Circular Letter No. S.07-DIR/KPD/05/2018 concerning Customer Data Security. Any complaints about a breach of customer confidentiality will be immediately followed up.
- This report does not present the number of complaints over alleged breaches of confidentiality of customer information or data submitted by customers during 2019. This decision is based on legal considerations that the information is confidential and interested parties can ask BRI directly if necessary by stating their reason/purpose.
- BRI strives to improve customer security, including in dealing with debit card duplication by skimming ATM machines. BRI has accelerated the conversion from magnetic tape cards to cards with chip technology, as well as ATMs and EDC machines that can only be used by using cards with chip technology.



CUSTOMER SATISFACTION SURVEY [POJK51-6.f.5]

BRI has taken several strategic moves to improve service quality through the transformation of the Customer Centric Service Culture Value to realize Service Excellence by creating a Wow Customer Experience that exceeds customer expectations. The transformation of the Service Culture Value is called “SMART” or Sigap (Fast), Mudah (Easy), Akurat (Accurate), Ramah (Friendly), Terampil (Skilled).

The value transforming SMART Service Culture is one of the Strategic Initiatives that does not replace or negate existing quality standards, but rather improves their Quality by updating the Service Culture value that emphasizes aspects of friendliness, speed and ease of transaction which is also supported by the use of digital technology. Therefore SMART Service Culture becomes a Value that can describe

Bank BRI’s service quality strategy in the digital age as a distinctive term, easy to remember, and embedded in the mind’s of all BRI people. The implementation of SMART Service Culture Value in all aspects of service will provide a better experience that and lead to an improvement in the quality of Bank BRI services. The improvement in service quality is measured annually using the Service Quality Index and the Customer Satisfaction Survey.

The Service Quality Index measurement in 2019 was conducted by CARRE with the results being 4.10, higher than the national banking industry index. It indicated that the innovations and breakthroughs made by BRI during 2019 have improved services to customers.



The survey was conducted to find out the level of customer satisfaction and evaluation of customer service quality improvements in 2019 by Infomedia with the customer satisfaction index reaching 85.9%. This achievement was an improvement from the 85.6% in 2018, indicating that the various innovations and breakthroughs made during 2019 have been successful in meeting customers’ needs.

Service Quality Index Achievement [POJK51-6.f.5]

Year	Banking Industry Index	BRI Performance Index
2019	3.99	4.00
2018	3.99	4.06
2017	4.09	4.10

Customer Satisfaction Survey Results [POJK51-6.f.5]





MOVING FORWARD TOGETHER TO EMPOWER THE COMMUNITY

Since our establishment on December 16, 1895, Bank Rakyat Indonesia (BRI) has committed to serving people from all walks of life and contributing to the improvement of the community's welfare.

In accordance with this topic, the disclosure of information in this section is about the indirect economic impact of the presence of BRI, and the development/empowerment of local communities, including their complaints.





» Indirect Impact on the Community

BRILINK AGENT

The indirect impact experienced by the community from BRI's presence is through the BRILink Agents, because they provide access to services and financial transactions that can support the community's economic activities. The BRILink agents' coverage includes the frontier, outermost and disadvantaged regions (3T) and also supports BRI's efforts to increase financial literacy and inclusion. [203-2]

[POJK51-6.c.3.a][FS13]

BRILink is operated by customers as BRILink Agents who provide banking services and online realtime transactions to their local community. Transactions are carried out using Electronic Data Capture (EDC) devices that can be used as mini ATMs, as well as smartphone applications. As of the end of 2019, BRI had 422,160 BRILink agents. The number increased by 20,610 agents or 5.13% compared to 2018 with 401,550 BRILink agents. A total of 39,328 BRILink agents or 9.32% were in the 3T regions. [FS13][FS14]

Out of the total 422,160 BRILink agents in 2019, as many as 318,062 or 75.34% of them were in Java and Sumatra which have the largest populations in Indonesia. The remaining 104,098 BRILink agents or 24.66% are on other islands in Indonesia, including in the 3T areas.

Number of BRILink Agents

2017	279,750
2018	401,550
2019	422,160

BRILink Agent Distribution (Numbers and Percentages)

Location	2018		2019	
	Total	%	Total	%
Sumatra	34,071	8.50	89,786	21.27
Java	196,058	48.80	228,276	54.07
Kalimantan	26,038	6.50	26,549	6.29
Sulawesi	34,050	8.50	43,586	10.32
Bali and Nusa Tenggara	23,767	5.90	25,153	5.96
Maluku and North Maluku	4,132	1.00	4,642	1.10
Papua	1,299	0.30	3,532	0.84
Others	82,135	20.50	636	0.15
Total	401,550	100.00	422,160	100.00

The presence of BRILink agents also forms part of BRI's support for sustainable development goals. The distribution of BRILink agents has increased the number of bank offices and BRI ATM services, bringing the community closer to BRI as a financial service provider, thereby supporting the achievement of Goal 8 SDGs. Through BRILink agent services, the community can also access social protection participation both for health and employment, which is one indicator of the achievement of Goal 10 of SDGs. [SDG 8][SDG 10][POJK51-6.c.3.c]

During the reporting period, BRILink agents recorded 521.32 million transactions, growing 37.65% compared to 2018 which had 378.72 million transactions. The total transaction value in 2019 reached Rp672.61 trillion, growing Rp61.760 trillion or 31.19% compared to 2018 which stood at Rp512.69 trillion.

Growth of BRILink Agent Transactions

Description	Unit	2017	2018	2019
Total BRILink Agents	Agents	279,750	401,550	422,160
Total Transaction	Million	202.07	378.72	521.32
Transaction Volume	Rp trillion	298.00	512.69	672.61





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SUPPLY CHAINS AND PROCUREMENT PRACTICES [102-9][203-2]

Indirect economic benefits from BRI's presence are also felt by the community around BRI's work units, through involving domestic companies in the supply chain for the procurement of goods and services, based on agreed work contracts. Through involvement in the supply chain, companies that become BRI partners are able to expand their businesses, thus providing more jobs.

Domestic companies in the BRI supply chain are defined as business entities formed under the laws of the Republic of Indonesia and domiciled in the territory of Indonesia. All supplier companies that become business partners must meet the prerequisites and general policies regarding BRI's Fixed Assets and Logistics (KEMAL). BRI gradually promotes sustainable public procurement practices as a

form of supporting the achievement of Goal 12 of SDGs and implements e-procurement, an information technology-based procurement system, which is in line with Goal 16 of SDGs. [SDG 12][SDG 16]

Disclosure of information on the supply chain only covers companies that were part of the supply chain of BRI Head Office in Jakarta, including work units in BRI I and BRI II Buildings. Until the end of 2019 there were 333 business entities that were part of the BRI supply chain under the Goods & Services Procurement Division, the Fixed Assets Management and Property Procurement Division, and BRI Corporate University. Business entities registered as partners are both domestic and international companies.

Total Suppliers of BRI [POJK51-6.f.5]

Uraian	2017	2018	2019
Number of Suppliers on Fixed Assets and Property Division			
Domestic Suppliers	179	147	146
Number of Suppliers for Procurement of IT, Non-IT Goods and Non-IT Consultant Service			
Domestic Suppliers	422	406	415
Overseas Suppliers	24	33	28
Total	446	439	443



Percentage of Transaction Value of BRI Procurement of Goods and Services [102-9]

Description	2017	2018	2019
Domestic Suppliers	93.38	94.47	94.79
Overseas Suppliers	6.62	5.53	5.21
Total	100.00	100.00	100.00

» Community Empowerment and Development

BRI has not yet calculated the percentage of operations that have impact assessments and development programs that involved local communities. However, as an SOE, BRI supports the Government's program to improve the welfare of the community by implementing the Partnership and Community Development Program (PKBL). The PKBL implementation refers to Minister of SOEs Regulation Number PER-09/MBU/07/2015 concerning the Partnership and Community Development Programs for State-Owned Enterprises. The implementation of PKBL is also part of social and environmental responsibility (SER) fulfillment for the achievement of sustainable development goals. [POJK51-6.c.3.c]

The Partnership Program is realized through the provision of partnership loans and coaching grants to empower the community's economy. The Community Development Program is realized with a special program of BRI Peduli,

which consists of several supporting activities. The planning, implementation and evaluation of the PKBL are part of the responsibilities of the Small Business and Partnership Division and the Corporate Secretariat Division (SKP). PKBL is intended for community groups in the vicinity of BRI work units or local communities. [413-1]

PARTNERSHIP PROGRAM

The partnership program is aimed at community groups and MSMEs who are included in the unbankable group. This is in line with Goal 8 of SDGs. Until the end of 2019, the realization of the Partnership Program fund distribution reached Rp332.01 billion, a decrease of Rp12.14 billion or 3.66% from Rp344.1 billion in 2018. The decline was due to MSMEs that have upgraded. The total number of foster partners in 2019 was 4,476 MSMEs, with the largest business sector being trade. [FS14][SDG 8]

Distribution of Partnership Program Funds

Description	Unit	2017	2018	2019
Realization of Number of Partnership Funds	Rp billion	209,360	344,152	332,012
Realization of Number of Foster Partners	Unit	3,070	5,470	4,476

Amount and Percentage of Partnership Program Fund Distribution (Rp million) [201-1]

Description	2017		2018		2019	
	Amount	%	Amount	%	Amount	%
Industry	5,670	2.71	15,832	4.58	12,299	4.37
Services	12,606	6.02	33,929	9.81	34,520	12.28
Trading	106,909	51.07	217,970	63.52	132,155	46.82
Fisheries	2,292	1.09	7,794	2.25	13,980	4.97
Plantation	54,781	26.17	18,852	5.45	20,221	7.19
Agriculture	7,749	3.70	11,680	3.38	28,128	10.00
Husbandry	19,350	9.24	34,479	9.97	29,482	10.49
Others	0	0	3,615	1.05	10,905	3.88
SOE Grant					50,000	
Development Funds					323	
Total	209,360	100.00	344,152	100.00	332,012	100.00



COMMUNITY DEVELOPMENT

Based on the Minister of SOEs Regulation No. Per-09/MBU/07/2015 dated July 3, 2015 concerning the Partnership Program and the Community Development Program of State-Owned Enterprises, along with its latest amendment Minister of SOEs Regulation No. Per-02/MBU/7/2017 dated July 5, 2017, the Community Development (BL) is a program to empower community social conditions by SOEs. The Community Development program is an implementation of corporate social responsibility to the community and the surrounding environment that is communicated under the name BRI Peduli Program. The program implementation is aligned with the company's business activities. BRI Peduli (BRI Care) activities also refer to the 3P concept (People, Planet, Profit) which are the main pillars in building a sustainable business.

In 2019, the realization of Community Development Program reached Rp226.58 billion, increasing by 38.47% from Rp163.64 billion in 2018.

People in this concept is translated as a company's commitment to play a role in improving the people's welfare; Planet is the company's responsibility for the environment and biodiversity, and Profit is translated as the company's activities to be capable of continuously increasing profit from the company's growing business operations.

Bank BRI implements these three concepts in BRI Peduli's 7 (seven) assistance sectors, namely:

1. Assistance sector for victims of natural disasters (Indonesia Peduli).
2. Education assistance sector, can be in the form of training, infrastructure and educational facilities (Indonesia Cerdas).
3. Health promotion sector (Indonesia Sehat).
4. Public infrastructure and/or facilities development sector (Indonesia Membangun).
5. The religious facilities sector (Indonesia Takwa).
6. The nature preservation sector (Indonesia Lestari).
7. Social assistance for poverty alleviation (Indonesia Sejahtera)

BRI Peduli Budget Realization (Rp million) [201-1] [POJK51-6.d.1]

Description	2017		2018		2019	
	Amount	%	Amount	%	Amount	%
Indonesia Peduli	2,394	1.59	6,845	4.18	6,336	2.80
Indonesia Cerdas	32,990	21.94	53,088	32.44	70,192	30.98
Indonesia Sehat	21,596	14.36	22,385	13.68	44,760	19.75
Indonesia Membangun	31,455	20.92	22,895	13.99	29,303	12.93
Indonesia Takwa	29,095	19.35	27,404	16.75	43,785	19.32
Indonesia Lestari	723	0.48	723	0.44	866	0.38
Indonesia Sejahtera	32,094	21.35	30,294	18.51	31,342	13.83
Total	150,347	100.00	163,635	100.00	226,584	100.00



Indonesia Peduli

The Indonesia Peduli (Indonesia Care) Program is a BRI assistance program for communities affected by natural disasters. The program provides humanitarian assistance, especially to meet the basic needs of the community such as food, clothing, blankets, medicines, clean water and others. Total assistance for the Indonesia Peduli Program in 2019 reached Rp5.94 billion, including those distributed to:

1. Flood affected communities in Bangkinang, Bantul, Bukittinggi, Curup, Kendari, Madiun, Makassar, Manna, Maros, Medan, Melawi, Merauke, Ngawi, Padang, Palopo, Pangkep, Ponorogo, Purworejo, Samarinda, Semarang, Sengkang, Solok, Sungguminasa, Teluk Betung, Pangkalan Kerinci, Teluk Kuantan, Arga Makmur, Pasir Pangaraian.
2. Earthquake affected communities in Masohi and Ternate.
3. Drought affected communities in Bandung, Cilacap, Pacitan, Pemalang, Praya, Temanggung, Trenggalek.
4. Landslide affected communities in Balige, Cibadak, Gombong, and Sukabumi.
5. Tornado affected communities in Cirebon and Pemalang.



Indonesia Cerdas

The Indonesia Cerdas program is part of the BRI Peduli program for the education sector to improve the quality of human resources. Some of the activities in this program include scholarships, the construction and renovation of educational facilities, assistance to education support vehicles, dissemination and training, as well as assistance in other educational facilities/infrastructure. In 2019, BRI has channeled assistance of Rp70.19 billion for the Indonesia Cerdas program.



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Indonesia Sehat

BRI plays a role in improving the community's quality of life and its health. The assistance from the Indonesia Sehat program includes the provision of ambulances, medical equipment, mass circumcisions, cleft lip surgery, blood donations as well as free medical examinations and medicines. The assistance that has been distributed through the program in 2019 reached Rp44.76 billion.



Indonesia Membangun

This program is an assistance program for the development of infrastructure and/or public

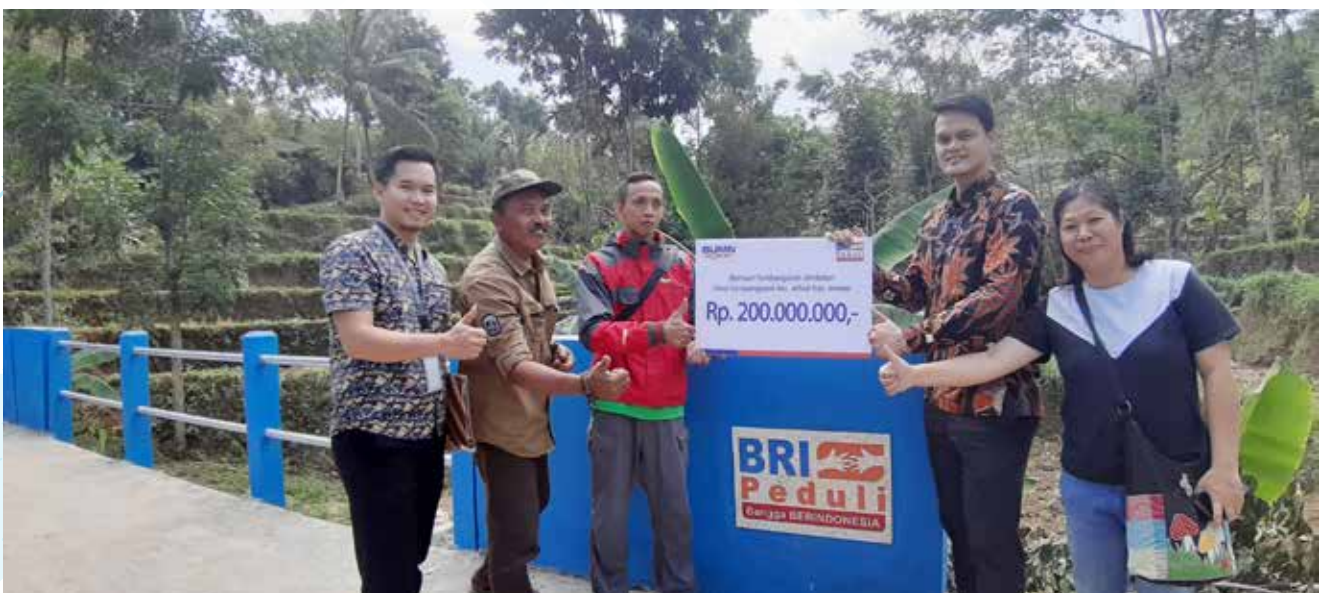
facilities such as construction and/or renovation of community halls, customary halls, village roads, bridges, etc. During 2019, BRI disbursed Rp29.30 billion in funds for this program.



Indonesia Takwa

This program provides assistance in the form of construction and/or renovation of religious facilities,

distribution of holy books and assistance in supporting religious facilities. The realization of the Indonesia Takwa Program assistance in 2019 reached Rp43.79 billion.





Indonesia Lestari

BRI supports the preservation of nature for a better life, with a number of programs including planting mangrove seedlings and productive plants, installing Mooring Buoys in the Bali Sea area, building city parks, constructing landfills (TPS), and providing assistance of three-wheeled motor garbage transporters in order to maintain a clean environment. The realization of the Indonesia Lestari Program assistance in 2019 reached Rp870 million.



Indonesia Sejahtera

This program is for social assistance for poverty alleviation. The amount of assistance realized for the Indonesia Sejahtera Program in 2019 reached Rp31.34 billion. Assistance provided through this program includes a training program for 10,000 MSME entrepreneurs, MSME training at SOE Creative House (RKB), construction and/or renovation of Uninhabitable Houses (RTLH), electrification for disadvantaged communities, provision of clean water facilities and toilets, business equipment, distribution of groceries, bazaars and donations for orphans.





During 2019, BRI received several awards as recognition and appreciation for the implementation of the BRI Peduli Program, from various parties, both from within and outside the country. The awards are:

- 1) Asiamoney 2019 - Best Bank For CSR In Indonesia
- 2) La Tofi School of CSR, Nusantara CSR Award 2019 - Category Education Quality Improvement
- 3) La Tofi School of CSR, Nusantara CSR Award 2019 - Category Community Economic Empowerment
- 4) La Tofi School of CSR, Nusantara CSR Award 2019 - Category Tourism Village Development
- 5) La Tofi School of CSR, Nusantara CSR Award 2019 - Category Empowerment of People with Disabilities
- 6) La Tofi School of CSR, Nusantara CSR Award 2019 - Category Health Quality Improvement

TEMAN SIMPEDES

BRI's efforts to improve the community's welfare are also carried out by continuing to promote the culture of saving in micro communities. In 2019 BRI launched Teman Simpedes, which is an additional facility of BRI's Simpedes Savings account in the form of tools to maintain the discipline of micro communities to save.

BRI through BRILink Agents provides cash containers or boxes that are always locked. These containers or boxes can only be opened by BRILink Agents, and then deposited into an account. Additional features available through Teman Simpedes have been adjusted based on research results that found the majority of micro communities are still very cash oriented in making transactions which makes it difficult to manage finances and leads to a lack discipline in saving. Micro communities with saving behavior, requires a tangible cash storage that can be used as a reminder to save, and is not liquid so that the cash cannot be used at any time and requires an effort to withdraw.

Teman Simpedes is expected to be able to overcome the pain point of the micro community in saving, and from a business perspective it is expected to have an impact on accelerating the performance of BRI Simpedes Savings in acquiring cash potential so as to increase BRI's CASA composition. Through Teman Simpedes, the micro customers who already have BRI Simpedes Savings are expected to be educated and encouraged to start using BRI branchless banking facilities starting with the use of cards and financial services through BRILink Agents.

The purpose of the issuance of the additional facility of Teman Simpedes for BRI Simpedes Savings includes :

1. Creating a new source of low-cost sustainable funds and increasing the composition of BRI CASA through improving the quality of BRI Simpedes Savings accounts.
2. Providing Financial Education & Literacy to the Micro Community for the discipline of saving and managing more planned finances.
3. Educating micro customers to start using BRI branchless banking facilities with the use of cards and financial services through BRILink Agents.

4. Supporting the achievement of the aspirations of BRIvolution 2022 of the micro segment, by maintaining and increasing BRI's Micro Business market share to 50%, BRI's micro credit growth to 15% per year with the support of the CASA ratio at 83%.

BRI REMITTANCE

BRI continues to develop services for specific community groups, including Indonesian migrant workers or PMI, through remittance services. By the end of 2019 BRI has collaborated with 71 counterparts spread across the United States, Qatar, Bahrain, Singapore, Brunei, Kuwait, Jordan, Australia, East Timor, as well as PMI enclaves namely Malaysia, Taiwan, South Korea, Japan, Hong Kong, Taiwan, United Arab Emirates and Saudi Arabia.

In 2019 BRI recorded a total of 7,655,650 remittance transactions of PMI from overseas to the country with a total value of Rp30.99 trillion. The number increased from 6,851,999 transactions valued at Rp28.27 trillion in 2018.

During 2019 BRI also held financial literacy classes for PMI overseas. BRI in cooperation with Bank Indonesia and the Indonesian Economic and Trade Office to Taipei (KDEI

Taipei) in Taiwan, held a class on literacy about remittance to hundreds of PMI about the importance of cashless remittance to their families in Indonesia, using the facilities and features served by the BRI network. [POJK51-6.c.3.a][FS7]

BRI TRADE FINANCE FOR MSMEs

BRI continues to develop export services for MSME customers as an export-oriented economic driver. During 2019 BRI has been fostering exporters and prospective exporters in collaboration with the Ministry of Trade through the *Bagaimana Memulai Ekspor* (how to start exporting) training held in the cities of Malang, Surakarta, Makassar, Bukittinggi, Bandung and Mataram.

In 2019 BRI also organized the BRILianpreneur 2019 – MSME Export event. The event was attended by 155 export-oriented BRI-fostered MSMEs engaged in the fashion, craft, food, and home decor business sectors. At the event a business matching activity was also held that brought together sellers/MSMEs and buyers from various countries. The number of buyers in attendance was 74 buyers from 16 countries in America, Europe, Asia and Australia continents.





» Complaints Mechanism

“

In line with the application of sustainable finance principles, BRI implements standard operating procedures which include providing access and complaints mechanisms from the public, including customers

CUSTOMER GRIEVANCES AND COMPLAINTS [POJK51-6.c.3.b]

In line with the application of sustainable finance principles, BRI implements standard operating procedures which include providing access and public complaints mechanisms, in this case for customers. Based on FSA Regulation No.18 /POJK.07/2018 on Consumer Complaint Services in the Financial Services Sector, BRI has a complaint service function for customers. The scope of the complaint service includes receiving, handling, and resolving complaints.

BRI's internal provisions on customer complaints are stipulated in Decree of Board of Directors No. S.1051-DIR/LCC/12/2016 on Policies and Procedures for Resolving Customer Complaints.

We respond to every complaint filed by a customer, within a maximum of 20 days according to the Service Level Agreement (SLA). Every complaint filed will be handled through a multi-contact channel, and then centralized in complaint handling.

The complaint service is part of the duties and responsibilities of the Service Division and Contact Center, which is structurally accountable to BRI Network and Service Director. By the end of 2019, BRI had provided several channels that can be accessed by customers to file complaints 24 hours day, such as Call Centers, email, and BRI's official social media.

”



Channel to Files Customer Complaints

Access	
Customer Service	Seluruh unit kerja BRI
	140017
	1500-017
Contact Center BRI	021 57987400
	Premium Call 021 575 8899 and 08001017017
Webchat	www.bri.co.id
Email BRI	callbri@bri.co.id
Internet Banking	https://ib.bri.co.id
Facebook	BRI Official Page
Twitter	kontakbri
Instagram	bankbri_id
Telegram & SMS	081 2121 4017



Number of Complaints and Percentage of Resolution

Year	Number of Complaints	Complaint Resolved	Percentage
2017	2,998,954	2,931,163	97.74%
2018	3,544,225	3,488,797	98.43%
2019	4,284,801	4,239,155	98.93%

Type and Number of Complaints and Resolutions

Type of Complaints	2017		2018		2019	
	Total Complaints	Complaint Resolved	Total Complaints	Complaint Resolved	Total Complaints	Complaint Resolved
Financial	831,586	759,718	997,629	968,791	1,431,933	1,412,205
Information Availability	888,687	884,065	1,212,812	1,209,197	1,805,236	1,804,980
Non-Financial	1,272,962	1,284,117	1,328,864	1,306,394	1,040,243	1,014,727
Service Quality	5,719	3,263	4,920	4,415	7,389	7,243
Others	0	0	-	-	0	0
Total	2,998,954	2,931,163	3,544,225	3,488,797	4,284,801	4,239,155

COMMUNITY GRIEVANCES AND COMPLAINTS [POJK51-6.c.3.b]

BRI always maintains communication with the community to ensure PKBL implementation is right on target and in accordance with their needs, to empower beneficiaries. Aside from face-to-face meetings and visits, BRI also provides a complaint mechanism for the community as a means of communication through social media and BRI's call center. Until the end of 2019 there were no complaints made by the community over PKBL implementation.

ENVIRONMENTAL COMPLAINTS

At the end of 2019, no environmental complaints had been filed against BRI. In addition, the branch offices in remote areas are not located adjacent to the areas of protected flora and fauna. In terms of financing, so far we have not received information on environmental complaints filed against BRI debtors. To anticipate this, BRI continuously pays attention to current environmental issues and will act immediately if there are any BRI debtors who receive environmental complaints.

• Feedback Response •

BRI received feedback from the Dow Jones Sustainability Index (DJSI), reports and customer complaints through call centers, as well as the SR 2018 verification results from the independent assesor. The feedback included: removing the topic Emission, Waste and Effluent material, adding information on human capital, and improvement of services to customers. All of this feedback have been accommodated by BRI and disclosed in this report.



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	103-2	Management approach and components	31
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GRI G4 Financial Sector	FS1-FS5	Management approach disclosure	6-7, 82, 86
	FS6	Percentage of credit based on line of business	70-71
	FS7	Monetary value for social benefits	119
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	FS15	Policy for the design and sale of products and services	104
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Information Technology			
GRI 103: Management Approach 2016	103-1	Explanation of Material Topics and Boundaries	33
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GRI G4 Financial Sector	FS13	Access points in low population or economic areas by type	61, 63, 110
	FS14	Access to financial services for disadvantaged groups	61, 110, 113

Note: The brown color indicator indicates POJK reference and GRI standard



Omission: Information on all GRI indicators have been disclosed

Sustainability Accounting Standard Board (SASB) Reference [102-55]

Code	Description	Page(s)
Data Security		
FN-CB-230a.1	1) Number of data breaches (2) Percentage of personal identification information (3) Number of accounts affected	42
FN-CB-230a.2	Approach to addressing data security risks	75, 106
Finance		
FN-CB-240a.1	Number of loans that qualify for small business promotion and community development programs	69-71
FN-CB-240a.2	Number of due and non-accrual loans qualified to promote small business and community development	N/A
FN-CB-240a.3	Number of accounts that previously had no bank account or who faced limited access	N/A
FN-CB-240a.4	Number of financial literacy participants	N/A
Incorporation		
FN-CB-410a.1	Commercial and opening credit by industry	70
FN-CB-410a.2	Approach to include environmental, social and governance (ESG) factors in credit analysis	55
Business		
FN-CB-510a.1	Total losses due to legal process related to fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other relevant financial industry laws	N/A
FN-CB-510a.2	Whistleblowing policies and procedures	N/A
Risks		
FN-CB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	N/A
FN-CB-550a.2	ESG factor approach in credit analysis	20

Sustainable Banking Assessment (SUSBA) Reference

Indicator	Disclosure	Page(s)
Goal	Sustainability strategy and stakeholder engagement	6, 43
	Participation in sustainable finance initiatives	47
Policy	Public statement about ESG	73
	Public statements about specific sectors	73
Process	ESG risk assessment and transaction approval	72
	Client supervision and engagement	73
Masyarakat	Responsibility to ESG	20
	Environmental & social staff training, and performance evaluation	101
Product	ESG Product Integration in products and services	82
Portfolio	ESG risk assessment and mitigation at portfolio level	72
	Disclosure of ESG risk exposures and targets	55



FEEDBACK FORM

The Sustainability Report 2019 of PT Bank Rakyat Indonesia (BRI) Persero provides an overview of financial performance and sustainability. We are looking forward to your feedback, critiques and suggestions.

1. This report is easy to understand

☐ Disagree

☐ Neutral

☐ Agree

2. This report has described the material aspects of the Company, both its positive and negative aspects

☐ Disagree

☐ Neutral

☐ Agree

3. What material topics are most important to you: (1 = most important to 4 = least important)

- Economic Performance and Financial Inclusion ()
- Product Portfolio & Loan Quality ()
- Sustainable Financial Implementation based on RAKB ()
- Information Technology ()
- Indirect Economic Impact ()
- Employment ()
- Customer Information Protection ()
- Anti Corruption ()
- Investment ()

4. Kindly provide your inputs /suggestions/comments about this report.

.....

.....

.....

Your profile

Full name :

Occupation :

Name of Institution/Company :

Stakeholder Group :

☐ Investor

☐ Customer

☐ Employee

☐ Community

☐ Government

☐ Other

Please send this feedback form to

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