

Sustainable Report

PT BOT Finance Indonesia

2024

I. Introduction

Sustainable Finance (*Keuangan Berkelanjutan*) is a commitment from the members of the finance industry for sustainable growth which stems from the harmony of the economy, social, and environment. In its effort to contribute in it, PT BOT Finance Indonesia (henceforth, addressed as the “Company”), has done various plannings and implementations of sustainable finance. In 2024, the Company remained focused on improving the amount of financing to customers in environmentally friendly or sustainable industries and deepening its comprehension of sustainable internally by doing activities that have direct impact to the environment.

II. Explanation of Sustainable Strategy

The Company devised a sustainable finance action plan for 2024 which can be summarized as follows:

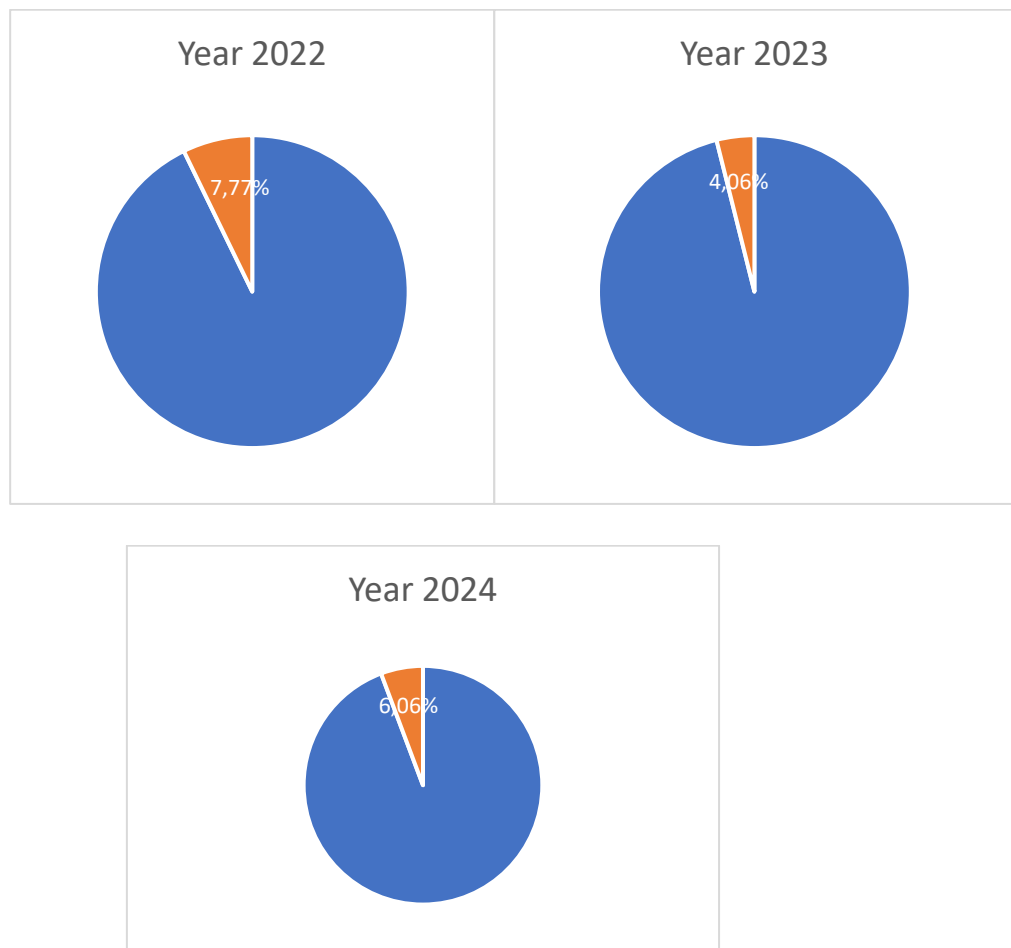
- a. Improving employees’ awareness of sustainability.
- b. Ensuring that customers in the management of the natural resources sector have conducted management properly and conformed to the regulations.
- c. Working together with environmental organizations.
- d. Developing good, environmentally friendly habits internally.
- e. Diversifying consumer sectors, developing, and financing environmentally friendly products.
- f. Monitoring the processing of natural resources, such as coal, nickel, palm, plantation, forestry, etc., and ensuring the customers have taken adequate measures to prevent environmental and social risks.

III. Summary of the Performance of Sustainable Aspects

a. Economy Aspects

Indicators	2022	2023	2024
New Financing	1,392,300,722,014	1,309,430,155,683	1,031,667,806,797
New Financing to Sustainable Sectors	108,127,966,877 (7.77%)	53,228,042,417 (4.06%)	62,471,733,669 (6.06%)

New Financing to Sustainable Sectors
Proportion in 2022-2024



Referring to the above table, it is clear that the total amount of new financing in the fiscal year 2024 decreased compared to the previous ones. Fiscal year 2024 being a political year full of instability is one of the reasons for the decrease in the Company's new financing.

However, the new financing for sustainable sectors in 2024 increased compared to 2023. In 2023, the Company diversified sustainable finance products by financing electric-based assets and battery-based assets, such as electric forklift, electric pallet mover, and lithium battery, and it continued into 2024. Going forward, the Company will keep doing its best efforts in order to attain more business opportunities about environmentally friendly products.

b. Environmental Aspect

In 2024, the Company financed more environmentally friendly assets, especially vehicles with Euro 4 emission standard, compared to 2023. European Emission Standards, with its level “Euro”, is a vehicle emission standard created by the European Union based on the pollution it emits. Euro 4 and Euro 5 vehicles are said to be nicer to environment compared to ones with lower Euro levels. Therefore, the increase in the Company’s financing for Euro 4 assets can be seen as the realization of the Company’s commitment in contributing to the preservation of environment.

Other than that, the Company was also active in its effort to control the amount it disburses to coal sector and diversify finance to other sectors, such as nickel, oil, gas, forestry, and bauxite sectors. The Company also adopts and implements rules and procedures about environmental and social risks from Mitsubishi UFJ Group (MUFG). The implementation of those rules and procedures is apparent in the Company’s assessment for new financing which is done with environmental and social risks checklist.

For contracts with amount more than USD 500,000 portfolio, the Company uses Environment and Social Risks Checklist (ESG checklist) as well to ensure that their business is in line with the ESG principles that the Company adopts. The Company adopts said ESG principles from its parent company which in turn ensures the implementation of ESG in each of its subsidiaries. In the ESG principles, the Company is obligated to check whether the financing is in the prohibited category or to be avoided category. The prohibited category in the Company includes financing transactions that have negative effects to the wetlands according to the Ramsar Convention and UNESCO’s World Heritage


sites. Financing transactions in to be avoided category are transactions that have negative effects to areas with High Conservation Value, transactions for the development of new coal mining site, etc. One of the reasons the Company adopts the checklist is to help it become more careful in its financing, especially to sectors with negative effects to the environment. Below is the image of the checklist the Company uses.

【Prohibited transactions】	
1	Illegal transactions and transactions for illegal purposes
2	Transactions which violate public order and good morals
3	Transactions that have a negative impact on the wetlands designated by the Ramsar Convention
4	Transactions that have a negative impact on the sited designated as a UNESCO World Heritage
5	Transactions violating the Convention on International Trade in Endangered Species of Wild Fauna and Flora (Washington Convention)* * Taking into consideration country specific considerations
6	Transactions involving the use of child labor or forced labor
7	Cluster Munitions and Inhumane Weapons Manufacturing
【Transactions to be avoided in principle】	
8	Transaction that have a negative impact on Indigenous Peoples Communities
9	Land expropriation leading to involuntary resettlement
10	Transaction that have a negative Impact on High Conservation Value areas
11	Credit transaction for new coal-fired power generation
12	Credit transaction for new coal-mine developments
13	Credit transaction on the mining of new oil sands and the new mining of oil and gases in the Arctic Circle (region of north of 66°33 minutes north latitude)
14	Credit transaction for new large-scale hydropower plants (Note)New hydropower plants with dam walls over 15 meters high and an output of 30
15	Credit transaction on deforestation business, including the management of plantations
16	Credit transaction of palm oil plantation ownership and management business

c. Social Aspect

In 2024, the Company did a collection and distribution of valuable secondhand goods as a social activity. Working together with Donasi Barang, an organization that distributes secondhand goods, the Company collected unused but valuable secondhand goods from the employees with Drop Boxes put in the

Company's offices. The accumulated secondhand goods were then picked up by the organization before they were sorted. Goods that were usable and have sale value would be used and/or sold and the money from the sale would then be used for the organization's other programs, such as Cagar Foundation, Rumah Autis, Sekolah Sakura, etc. The collection of secondhand goods started on November 1st 2024 and still continues as of the writing of this report. The report for the activity is as follows:



No.	Tanggal Pick Up	Jenis Barang	Jumlah
1.	Selasa, 12 November 2024	Pakaian Kerudung Sepatu Tas Boneka Tidak Layak	110 3 1 5 9 40
2.	Jum'at, 7 Januari 2025	Pakaian Kerudung Sepatu Tas Buku Mainan Tidak Layak	170 28 5 3 19 1 paket 145

Besides donating secondhand goods, the Company also gave Rp 15,000,000 (fifteen million rupiah) money to Donasi Barang which was used by the organization for their other activities, one of them was Touring Sedekah. In that program, Donasi Barang visited remote places to distribute goods and money they accumulated from donation to the people in need. Donasi Barang conducts the activity once every three months.

IV. Company Profile

a. Vision and Mission

Vision: Become a trusted finance company in Indonesia.

Mission:

- 1) Working together to exceed customers' expectation.
- 2) Giving continues and reliable support to customers.
- 3) Spreading and strengthening our existence globally.

b. Company Information

Name : PT BOT Finance Indonesia
Address : Wisma Bumiputera Lantai 11-12 Jalan Sudirman Kav. 75
Jakarta
Telephone : (021) 5706762, 6224522
Email : mkt@botfinance.co.id
Website : <https://www.botlease.co.jp/indonesia/>

Branches

Bandung Branch

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

Surabaya Branch

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

c. Business Scale

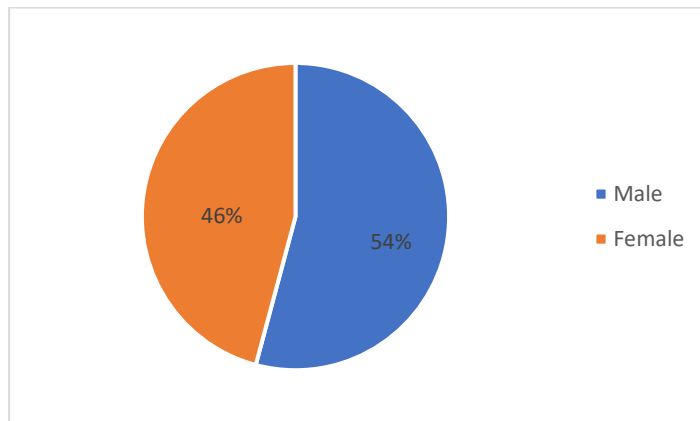
1. Finance Report Summary as of December 2024

Balance Sheet	FY 2024
Cash on hand and in banks	130,843,508,415
F Lease and Consumer financing receivables	1,840,610,657,290
Other Assets	62,134,558,666
Total Assets	2,033,588,724,371
Loans	1,357,829,173,834
Other Liabilities	431,156,133,405
Total Liabilities	1,788,985,307,239
Capital Stock	30,000,000,000
Retained Earnings and Others	214,603,417,132
Total Equity	244,603,417,132
Total Liabilities and Equity	2,033,588,724,371

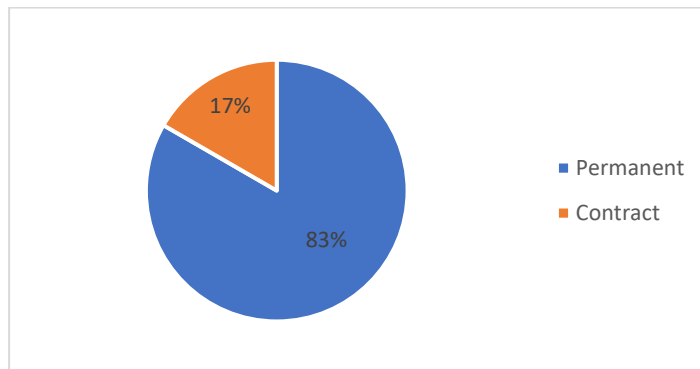
2. Number of Employees (120 people as of December 2024)

Below is the percentage of employees by categories.

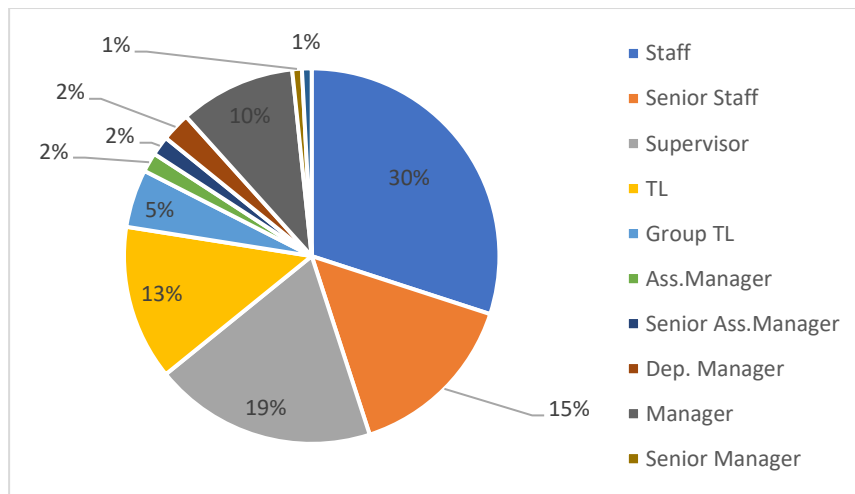
a) Gender



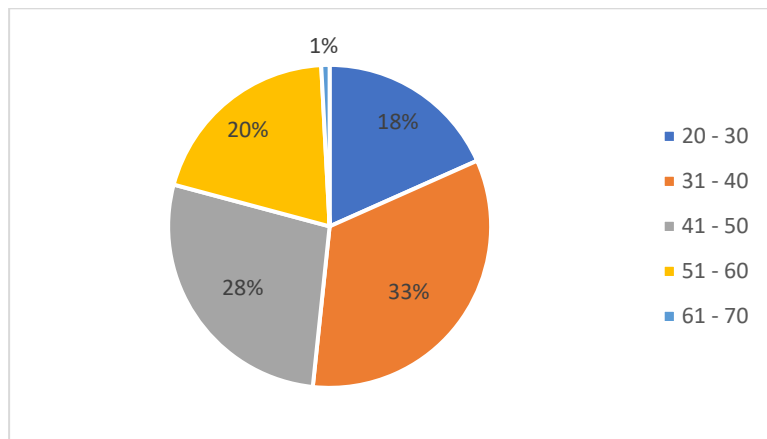
b) Employment Status



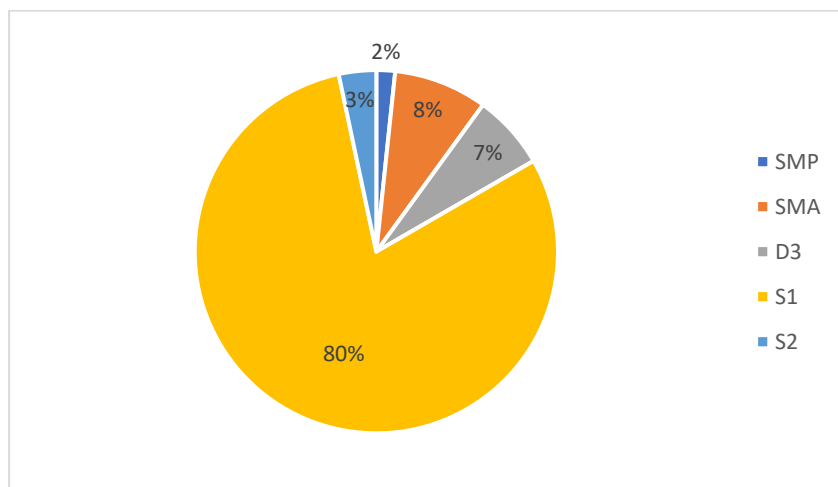
c) Position



d) Age



e) Education



3. Shareholders Composition

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

d. Products, Services, and Business Activities

Business Activities	Financing Products
Investment Financing	Finance Lease
Working Capital Financing	Sales and Lease Back
Multipurpose Financing	Installment Financing
Operating Lease	Factoring

e. Associations

The Company is a member of the following associations.

- Asosiasi Perusahaan Pembiayaan Indonesia (Association of Finance Companies of Indonesia)
- Lembaga Alternatif Penyelesaian Sengketa Sektor Jasa Keuangan (Alternative Institution for the Resolution of Disputes in the Financial Service Sector)
- Lembaga Pencatatan Aset RAPINDO (Assets Registration Institution RAPINDO)

f. Significant Changes

In 2024, there were significant changes, namely:

- The Resignation of Auditomo Mawarto Pusporetno as President Commissioner according to Deed Number 146 Dated March 25th 2024;
- The Change of the Company Name from PT Bumiputera-BOT Finance to PT BOT Finance Indonesia according to Deed Number 14 Dated June 6th 2024, effective on July 1st 2024;
- The Appointment of Taro Hashimoto as President Director and Junsuke Koike as Vice President Commissioner according to Deed Number 142 Dated July 10th 1 2024; and
- The Appointment of Yoshinori Kasuga as Commissioner of the Company according to Deed Number 154 Dated November 18th 2024.

V. Directors Explanation

a. Policies to Respond to the Challenges in the Realization of Sustainable Strategy

1. Sustainable Values

The Company keeps holding the principles of sustainable finance as sustainable values, namely:

- a) Responsible Investment Principle;
- b) Sustainable Business Strategy and Practice Principle;
- c) Social and Environmental Risks Management Principle;
- d) Governance Principle;

- e) Communicative and Informative Principle;
- f) Inclusive Principle;
- g) Prioritized Prime Sector Development Principle;
- h) Coordination and Collaboration Principle.

2. The Company's Response to Issues Related to the Implementation of Sustainable Finance

Sustainable Finance has entered the last year of its second roadmap. With consistent appeal from Otoritas Jasa Keuangan (OJK/Financial Service Authority) to encourage finance companies to implement sustainable finance principles in their business activities, finance companies, especially those in the banking sector, have made advanced approaches to sustainable finance field. To implement these sustainable finance principles in their business, banks form special teams and products in various kinds.

The Company, as a company in PVML (Perusahaan Modal Ventura, Lembaga Keuangan Mikro, dan Lembaga Jasa Keuangan Lainnya/Venture Capital Companies, Micro Financial Institutions, and Other Financial Service Institutions) sector, has been trying to follow OJK's appeal by implementing sustainable finance in their business. However, sustainable finance still has not become the focus in the Company's business. As OJK wrote in their Sustainable Finance Roadmap Part II (2021-2025) (Roadmap Keuangan Berkelanjutan Tahap II (2021-2025)) which is published in their official website, the biggest challenge in the implementation of sustainable finance is convincing companies and the people that efforts to gain profits will be better and long-lasting if done with natural resources and the social effects they incur to people in mind.

In the current condition, the Company, which business scale is not so big, has tried implementing sustainable finance and, from various incentives and policies the government issued, it is clear that even the government is trying hard to encourage the implementation of sustainable finance in Indonesia. Yet, with the current limitation, such as the lack of demand from customers and insufficient supporting facilities and incentives for sustainable finance

products, it is hard for the Company to give understanding to the people that the sustainable finance products are not inferior to other financial products. That is why, the Company thinks that further incentives from the authorities are still necessary to nurture people's belief in the benefit of the implementation of sustainable finance.

Although the implementation of sustainable finance has been conducted for almost ten years, the market for sustainable finance products is still hard for the Company to enter and very segmented. One of sustainable finance products that can be used as an example in this case is Green Loan or "*Pinjaman Hijau*". Although the product is extremely good for the environment, the consequential obligation to report the customers who use Green Loan made it not very appealing to finance companies. That is why, for the time being the Company still does not have any other option except using common loan which interest is more competitive with no complex reporting obligation.

From the customers' perspective, customers tend to choose more efficient products than the environmentally friendly ones. One of the reasons behind the lack of people's enthusiasm for environmentally friendly products is the lack of adequate supporting facilities. The electric vehicle is one of the examples. Their price is not too expensive and their daily maintenance cost is also quite low compared to conventional vehicle. However, the depreciation of electric vehicle is rapid and people are still doubting their performance in Indonesia's environment which is always haunted by the risk of flood. Considering those risks, electric vehicle is deemed as having quite the maintenance risk. Those factors make finance companies hesitant to increase their funding for electric vehicles.

On the other hand, the Company keeps focusing on corporate sector so there are more funding with investment purpose. The development of general environmentally friendly products/technology may not be so fast and many customers still use common products due to green technology being more costly, but the environmentally friendly products/technology in the

corporate sector still show some growth. The Company will wait and keep monitoring the demands from customers.

3. Directors' Commitment in the Realization of Sustainable Finance

The management has had and kept its commitment in implementing sustainable finance. It is because the implementation of sustainable finance is in line with the vision of the Company's parent company, BOT Lease, Co Ltd, and also in line with MUFG group's strategy. The Company has been supporting the implementation of sustainable finance, not only by supporting the financing of environmentally friendly products, but also from the internal's operational side.

4. Sustainable Finance Performance Achievement

Unit Type	Financing Type	Financing O/S as of December 2024
Vehicle (Euro 4 and 5)	Investment Financing	74,775,491,423
Battery-Based Assets	Investment Financing	1,095,809,094
Electricity-Based Assets	Investment Financing	9,310,062,352
Medical Equipment	Investment Financing	12,502,898,637
LED	Investment Financing	3,017,296,717
Total		100,701,558,223

5. Challenges in Achieving the Implementation of Sustainable Finance

As explained above, the demand for environmentally friendly products is still quite low because some customers think the benefit the products offer is too few compared to the their expenses. From the funding side, the interest for Green Loan is equal to, if not higher than, the interest for conventional loans but with a more complex process. Before the Company further

implement sustainable finance-related program, the Company first needs to learn the adequacy of it from cost and benefit's perspective. For now, the Company will still focus on cost effectiveness in the implementation of sustainable finance program.

b. Implementation of Sustainable Finance

1. Achievement of Sustainable Finance Implementation (Economy, Social, and Environment)

a. Donasi Barang

The Company still focuses more on the social sector of the implementation of sustainable finance. In November 2024, the Company held donation program in the office by working together with the non-profit organization, Donasi Barang, and put Drop Boxes in head office and branches. Employees can use the Drop Box to donate their unused but valuable and saleable goods. The old goods donation program started on November 1st 2024 and the goods had been picked up by Donasi Barang twice, on November 12th 2024 and January 7th 2025. On the first goods pick up, the old goods were clothes, shoes, bags, and dolls, while on the second one, the kind of goods donated increased with the donation of toys and books. Below is the photos of said activity.





Other than that, the Company also donated Rp 15,000,000 (fifteen million rupiah) to Donasi Barang which then was used by the organization to hold their programs, two of them being Touring Sedekah and the distribution of medical equipments to those in need. The Touring Sedekah program was held in Brebes and Pemalang on December 20th 2024. Below is the photos of the donation from the Company to Donasi Barang and its distribution.





2. Explanation About Accomplishments and Challenges Including Important Events During Reporting Period

✓ Non-Performing Finance (NPF) Quality Control

To control the Company's credit quality, the Company enforces a strict selection process before funding customers and supervises the credit movement to prevent it from becoming non-performing finance. The Company uses a high parameter to minimize the

possibility of funding applications becoming non-performing finances in the future.

For existing funding facilities, the Company endeavors to strengthen collection activities that focus on the retrieval of assets after the facilities start to halt. The Company has succeeded in handling its non-performing finance with termination and debt restructuring. From the journal side, the Company also books allowance before financing facilities fully become non-performing finances. With integrated control from the start to the completion of the facilities, the Company is able to keep the quality of its financing portfolio and keep the Company's non-performance financing ratio controlled.

To maintain its financial soundness level, the Company made considerable amount of allowances in 2024, especially after hearing the news of Indonesia's giant textile company, PT Sri Rejeki Isman Tbk (Sritex), going bankrupt. Although it incurred significant increase in credit-related costs in the Company's accounting journal, the Company believes that this measure is the right thing to take to ensure its stability and sustainability.

c. Strategy to Achieve Target

1. Management of Sustainable Finance Implementation Risk

The implementation of sustainable finance in the Company at the moment is deemed as having a low risk because the facilities has passed tight selection and strict control before they got funding, and at the moment they are still in the current facilities category. To maintain the quality of the facilities, the Company will keep monitoring the payment of those facilities and swiftly take collection measures if any of those facilities' payment starts to halt.

2. Grabbing Opportunity and Business Prospect

In 2024, with logistic trucks being one of the Company's main targets for financing assets in 2024, the Company, aligning its targets with sustainable

efforts, has seized business opportunities in sustainable sector by financing companies in transportation and storage industry with environmentally-friendlier vehicles as their assets. With national-scale development thriving in Indonesia, transportation and storage industry has had a considerable amount of demands with the object of the funding of said development being mostly trucks.

3. Explanation About External Economy, Social, and Environmental Situation that Might Affect Sustainability

The Company's financing as of 2024 mainly consists of transportation followed by storage. Unlike the previous year, the financing to mining and construction sectors slumped. However, Indonesia's Gross Domestic Product (GDP) in the third quarter of 2024 instead shows that the construction sector had the highest growth rate (7.48%), followed by other sectors (5.89%). The increase in the financing of transportation and storage sector was most likely supported by the rapid increase in both sectors in Indonesia in the last couple of years, which was supported by the rapid growth of digital economy, especially *e-commerce*.

Other than the sectors mentioned above, the Company also has tried financing nickel sector in hopes that it will support the electric vehicle's battery industry.

VI. Sustainable Governance

The implementation of the Company's governance is ensured with tools and forums, such as Standard Operational Procedures (SOP) and various supporting committees which discuss various issues emerging from various risks/factors. They are done in hopes of finding a solution together and mitigate future risks. The following are committees under Board of Directors:

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

6) Risk Management Committee

The Company also has committees directly under the supervision of Board of Commissioners, such as:

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

With the help of aforementioned committees, the Company ensures that its operation is in line with OJK regulations, especially regulations related to governance. The implementation of sustainable governance in the Company is conducted with the following steps:

1. The entire governance and sustainable finance is coordinated by the Corporate Planning Unit (CPU). The implementation is done with the help of other units, mainly the Credit Unit. The program will then be reported in the agenda of Operation Committee meeting that is attended by all Directors and Unit Heads to make sure the entirety of the organization get the newest information about sustainable finance.
2. CPU also helps Directors prepare sustainable finance action plan and report to the Board of Commissioners every year so all Commissioners is informed and can give feedbacks and advice for the future development of the implementation of sustainable finance.

VII. Sustainable Performance

a. Activities to Ingrain Sustainable Culture

To improve employees' contribution in sustainability, the Company worked together with Donasi Barang so employees can contribute directly to environmentally friendly activity. Employees' respond to the donation program is quite good. The Company is also still implementing Work from Home (WFH) program which was started due to Pemberlakuan Pembatasan Kegiatan Masyarakat di Indonesia (PPKM) or the Enforcement of the Restriction of Indonesian People's Movement. This program is seen as a good way to help the Company lessens its operational expenses. Those programs get quite the good reviews, especially the collaboration program with Donasi Barang, so the

Company may try increasing the frequency of the activity with Donasi Barang and make it a regular program as a part of the implementation of sustainable culture.

b. Economy Performance as of December 2024

Seeing the realization of new financing in fiscal year 2023, the Company was quite optimistic that it could finance similar amount in fiscal year 2024. However, the Company's financing realization in fiscal year 2024 showed a decrease in general. Although according to the report of Central Bureau of Statistic of Indonesia (Badan Pusat Statistik Indonesia), Indonesia's economy grew 5.02%, the Company's new financing slumped. The instability of Indonesia's condition due to the year being a political one was one of the factors that might have affected the Company's financing realization in 2024. Below is the new financing plan and realization by assets in 2024.

	Fiscal Year 2024	
	Plan	Realization
New Financing	1,300,000,000,000	1,031,927,088,106
Vehicle	488,000,000,000	412,058,039,155
Machinery	367,000,000,000	242,330,597,625
Heavy Equipment	445,000,000,000	377,538,451,326
Outstanding Balance	2,085,000,001,636	1,906,834,633,380
Vehicle	745,533,924,850	702,860,526,439
Machinery	567,596,499,595	532,026,391,916
Heavy Equipment	771,869,577,190	671,947,715,025

	Fiscal Year 2024	
	Plan	Realization
Revenue	205,317,361,313	211,350,280,561
Expenses	(197,458,331,319)	(218,214,598,180)
Profit Before Tax	7,859,029,994	(6,864,317,619)
Earning Tax	(1,728,986,598)	1,115,656,097

Profit After Tax	6,130,043,395	(5,748,661,522)
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c. Social Performance

1. The Company's Commitment in Providing Equal Service to Customers

Most of the Company's customers are from the corporate sector so the Company enforces the same requirements for new financing and has them go through the same application process. The Company can request additional documents to support application depending on customer's condition. As long as customers fulfill the requirements to get a financing facility, The Company can always process the disbursement while conforming to the internal rules and regulations that are in force. The Company ensures the compliance with the regulations and ensures equal service provision for all customers.

2. Workforce

The comparison ratio between the lowest paid employee with the regional minimum wage in 2024 is 1.01%. In 2024, the Company provided the following trainings for the employees:

- *Advance Microsoft Excel Training*
- *Risk Management Training*
- *IT Risk Management*
- *Root Cause Analysis Training*
- *Audit Training*

The Company tried continuously to develop the quality of its manpower while also taking sustainable factors into consideration. The Company will keep developing its manpower by improving the hard skills and soft skills of employees through various trainings that can be attended by all employees. This improvement in the quality of manpower will also contribute well in the Company's sustainability.