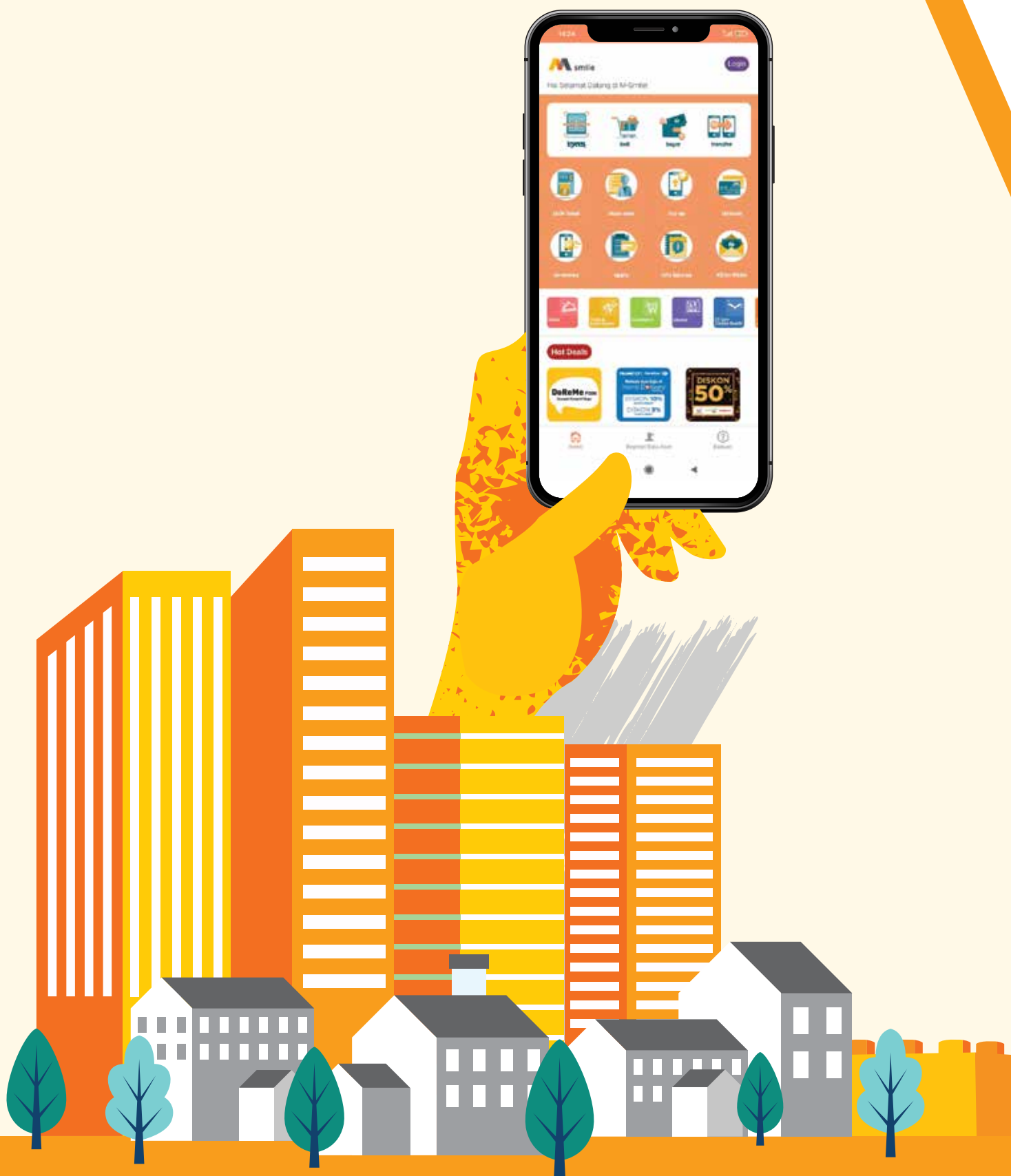


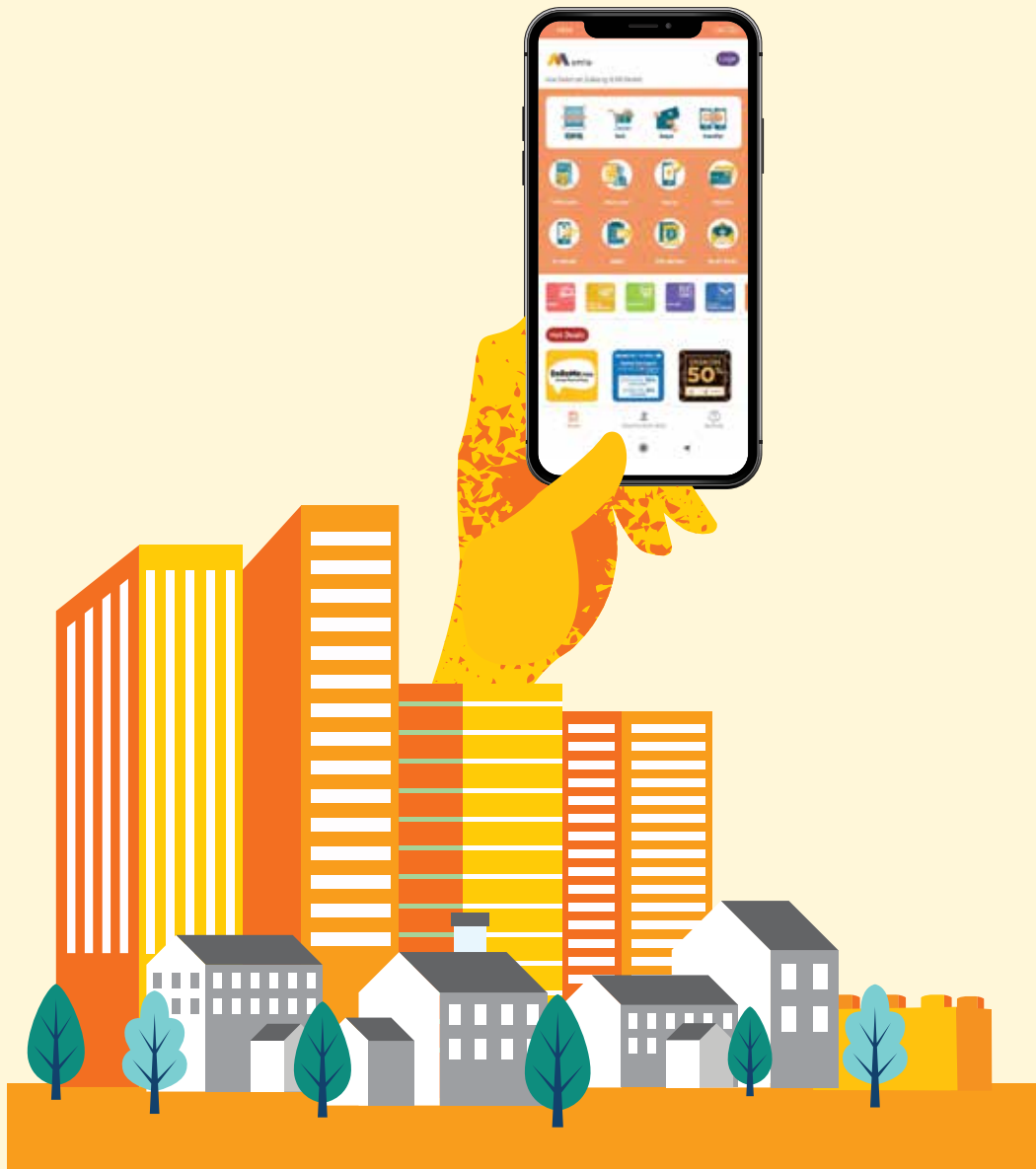
**2020**

Sustainability Report



# Nurturing a Sustainable Future





## » Nurturing a Sustainable Future

Sustainability gains more significance in the world that is facing challenges in controlling various risks. Not only economic risks, but also in other aspects related to the environment, social, and governance sector. Thus, as a banking institution, we, in Bank Mega, also performs countless changes to maintain a sustainable future. The sustainability strategy implemented is realized by developing technology innovation, as well as strengthening collaboration with stakeholders.

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## » Sustainability Strategy

PT Bank Mega Tbk (Bank Mega) is one of Indonesia's financial services institutions that is committed to realize sustainable business, in accordance with the Company's Vision and Mission. To maintain such sustainability, Bank Mega conducts a number of strategies, one of which through innovations and services enhancement for all customers. Digital transformation and automation can increase productivity and cost efficiency. This strategy managed to secure an opportunity when the COVID-19 occurred throughout 2020.

Bank Mega performs adjustments and developments to the internal capacity improvements through training, including online training program. The online training is aimed to minimize the spread rate of COVID-19 and increase cost efficiency. As of the end of 2020, 97.08% (YoY) of total employees has participated online trainings. Additionally, financing supports for micro, small, and medium enterprises (MSME) will continue to be improved, including cultivating digital innovation that can expand the range of services.

In the environment sector, aside from broadening the financing portfolio in Sustainable Business Activities Category (KKUB), Bank Mega attempts to reduce energy consumption, one of which by standardizing the number of operational vehicles used by the company. This activity managed to increase the operational cost efficiency. Such achievement did not only contribute to the environmental aspect, but also the economic aspect, and it helped shape sustainability culture through environmentally-friendly behavior. In a long term, Bank Mega hopes this sustainability culture can serve as a foundation to achieve Sustainable Development Goals.

### Sustainable Development Goals

Bank Mega has performed a support mapping on the Sustainable Development Goals (SDG), aligning with the Bank's strategies and activities. In 2019, there were three priorities of SDG presented in the Sustainability Report as support targets, which were Quality Education, Decent Work and Economic Growth, as well as Industry, Innovation, and Infrastructure. Supports in SDG continued to advance following the changes of situation and activities performed, which resulted in Bank Mega's increasing support priorities: Good Health and Well-Being, Gender Equality, as well as Responsible Consumption and Production. Hence, there are six support priorities of Bank Mega to toward the achievement of SDG.



## Support Priorities to the Sustainable Development Goals



### 2021 Target

1. Zero work accident
2. Increase the welfare of employees and their families

### Activity

1. Creating healthy, safe, and convenient work atmosphere
2. Performing socialization on occupational safety standards
3. Implementing employee annual medical check-up

### Strategy

Performing employee health evaluation



### 2021 Target

1. Guaranteeing gender equality and empowering women within the organization
2. Granting gender equality to all employees to increase their capacity and competency-based career path without discriminating their gender, including those who are at executive and managerial levels.

### Activity

Implementing equality policies for all employees to advance their career, including occupying executive positions

### Strategy

Performing annual work evaluation based on Key Performance Indicator (KPI)



### 2021 Target

1. Performing trainings with a minimum of 200,000 training hours
2. Conducting risk awareness workshop as a means of socialization in improving risk awareness and implementing risk management on sustainable finance to relevant operating units in all business lines.
3. Guaranteeing inclusive education as well as promoting opportunities to sustainably increase the capacity and capabilities of all employees.
4. Providing banking education to the public.
5. Providing proper school facilities to boost the quality of education.

### Activity

1. Performing online trainings through applications
2. Renovating school facilities
3. Conducting literacy programs on banking education and financial inclusion

### Strategy

Developing training applications



#### 2021 Target

1. Increasing the economy of the people residing in the Bank's operations
2. Boosting employees' welfare.

#### Activity

Implementing policies on employee well-being improvement in accordance with the Bank's achievement and condition

#### Strategy

Developing card initiation system (CIS)



#### 2021 Target

1. Ensuring sustainable pattern of consumption and production
2. Applying technology to meet Customers' needs to align with the efforts in preserving environment.

#### Activity

1. Implementing car pooling system
2. Employing mobile appraisal dan all technology innovations in banking process
3. Avoid using plastic water bottles
4. Controlling room temperature
5. Reducing the use of paper
6. Supporting energy-saving program

#### Strategy

1. Using agent of change to strengthen sustainability culture
2. Providing socialization and education by encouraging the implementation of green banking concept



#### 2021 Target

1. Building resilient infrastructure, encouraging inclusive and sustainable industrialization as well as cultivating innovations
2. Generating product innovations to increase service quality

#### Activity

1. Applying mobile onboarding, web policy & procedure management system, content management, e-document, tangible monitoring system, enterprise data warehouse, robotic process automation (RPA), QR payment, Chatbot, and Collection System,
2. Providing assistance to the construction and renovation of school buildings




#### Strategy

Organizing socialization and education on the use of digital banking process



In support of the SDG, Bank Mega implements sustainable finance activities in accordance with POJK 51/POJK.03.2017, which emphasizes on three main activities. In 2020, these activities were adjusted with the targets stated in the Sustainable Finance Action Plan (RAKB).

## Achievements of the Sustainable Finance Activities in 2020

Main Activity	2020 Achievement
 <b>Internal capacity building</b>	<ol style="list-style-type: none"> <li>1. Sharing insights and awareness on sustainable finance to all Executive Officials and also delivering the first batch on e-learning of RAKB to 2,411 employees in branch and regional offices.</li> <li>2. Provided technical trainings to university students concerning information technology platform development.</li> </ol>
 <b>Mapping of fund distribution portfolio as per Sustainable Business Activities Category (KKUB)</b>	<p>Credit distribution increased by 7.47% in accordance with the Sustainable Finance criteria.</p>
 <b>Adjustments in Standard Operating Procedure</b>	<ol style="list-style-type: none"> <li>1. Credit policies in the economic sector has been modified with the Sustainable Finance context.</li> <li>2. Combining the Sustainable Finance elements in the environmental, social, and governance (LST) analysis.</li> <li>3. Established a coding for funds distribution that was in line with the Sustainable Finance criteria.</li> <li>4. Cost efficiency over operational vehicles.</li> </ol>

## » Sustainability Performance Highlights



### Economic Aspect

(Trillion Rp)

Sustainability Performance	2020	2019	2018
Net Interest Income	3,91	3,58	3,51
Non-Interest Income	2,92	2,32	2,02
Net Profit	3,01	2,00	1,60
Nominal of products and/or services fulfilling the criteria of sustainability business activities category (KKUB)	12,72	11,84	-
Percentage of total KKUB financing portfolio to total portfolio (%)	26,24	23,30	-



### Environmental Aspect

Sustainability Performance	2020	2019	2018
Use of Electricity (kWh) – Bank Mega Tower Tendean	11.506.120	12.035.920	12.183.280
Reduction of electricity use (kWh) – Bank Mega Tower Tendean	529.800	147.360	-
Emission generated from electricity (tCO <sub>2</sub> )	9.918	10.375	10.502
Reduction of Paper Waste (Ream)	34.319	58.554	19.207
Reduction of fuel use (Liter)	342.638	-	-





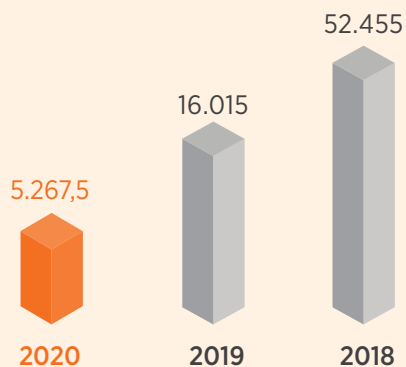
## Social Aspect

Sustainability Performance	2020	2019	2018
Customer Satisfaction Level	<ul style="list-style-type: none"> <li><b>Best Bank Award 2020</b> for banks with core capital of Rp5 – 30 trillion according to Investor Magazine.</li> <li><b>Achievement by MRI</b> (Experience Index &amp; Loyalty Index 2019 of BUKU III Bank Category)</li> </ul>	<b>Achievement by MRI</b> (Experience Index & Loyalty Index 2019 of BUKU III Bank Category)	<b>Achievement by MRI</b> (Experience Index & Loyalty Index 2019 of BUKU III Bank Category)
Employee Turnover Rate (%)	33,47	35,56	34,45
Percentage of total female employees to total employees (%)	50,26	50,12	49,23
Total Training Hours	216.507	245.520	312.224
Total Training Hours related to sustainable finance	5.038	1.992	32

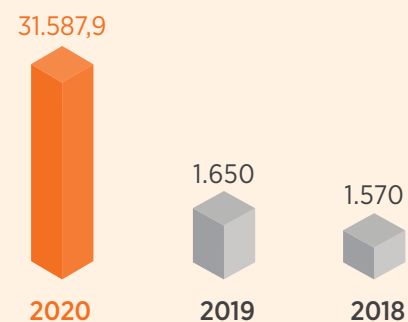


## Realization of Social & Environmental Responsibility (Million Rp)

### MEGA BERBAGI



### MEGA PEDULI



## » Message from President Director [102-14]



Despite the weakening economy, Bank Mega remained successful in generating positive performance throughout 2020. This achievement is reflected from the rise in profit after tax of **50,21%**, and percentage of KKUB financing to total portfolio, which went up to **26%**.



**Kostaman Thayib**

President Director

## *Dear respected stakeholders,*

The year 2020 was a year full of challenges, as the entire world was struck by the COVID-19 pandemic, including Indonesia. Throughout 2020, Indonesia has carried out Large-Scale Social Restrictions (PSBB) that it significantly affected investments, diminished productivity, and weaken the wheel of economy. We thank you the God Almighty that for its blessing, combined with supports from all parties, Bank Mega thrived well in the middle of an economy that experienced recession.

Bank Mega also promotes this PEN through various activities, mainly in endorsing Micro, Small, and Medium Enterprises (MSME), whose businesses are stricken by the COVID-19 pandemic. Bank Mega concentrates its attention by granting credit restructurization in accordance with the Government's regulations. This is carried out to boost the acceleration of real sector recovery, so that the national economy can be rejuvenated after the transision.

Not only the economic aspect, but We also continuously manage the environmental, social, and governance (LST) aspects. Harmony among the economic, social, and environmental performances as well as information technology optimization is our strategy in achieving sustainability. Real contribution made by Bank Mega to respond the issues is by implementing the Sustainable Finance in the company's operations, one of which through Sustainable Finance Action Plan (RAKB) development. This RAKB is prepared in accordance with the Financial Services Authority Regulation (POJK) Number 51/POJK.03/2017 with the purpose of endorsing the Sustainable Development Goals.

### **Policies in Respoding to Challenges in Complying with Sustainability Strategy**

Bank Mega started developing financing policies with LST insights to respond to sustainability challenges and reduce risks, particularly in controlling the negative impacts of climate change. These sustainability values have also been illustrated in the Company's Vision and Mission. In keeping with the LST aspect, Bank Mega also focuses on advancing technology as one of the Bank's responses in facing the

challenges in changing the business system. Moreover, technology has become a part of the sustainability aspect, whether for enhancing the service, banking process, and preserving the environment. On the other hand, the use of technology is becoming more relevant in the COVID-19 pandemic era, so that all activities can proceed effortlessly.

Another challenge in implementing the sustainability strategy came in the form of increasing environmental and social risks, such as environmental degradation, global warming & extreme weather, flood, human rights violations, and forced labour. These challenges are our responsibility together, considering the future belongs to all of us. Therefore, as per function, Bank Mega continues making efforts to play its role in sustainable finance through several activities, such as internal and external education, selecting debtors based on credit requirements that follow the LST aspect, as well as conducting the company's operational while taking into account the eco-friendly aspect.

### **Implementation of Sustainable Finance**

As a commitment to support the implementation of sustainable finance, Bank Mega has a membership structure named Sustainable Finance Team. This team is under the responsibility of Strategic & Business Development (SBDV) Division as the head of the Sustainable Finance Team and other 15 Divisions for assistance. The performance of the Team is monitored by Compliance & Human Capital Director. In 2020, the Sustainable Finance Team evaluated the implementation of sustainability culture and created an online training on sustainable finance.

The performance of sustainable finance implementation in 2020 included the economic, social, and environmental aspects. In terms of economy, by the end of December 2020, Bank Mega recorded an increase in profit before tax by 48.10% to Rp3.72 trillion compared to Rp2.51 trillion in the previous year. Meanwhile, the net profit rose by 50.21% YoY to Rp3.01 trillion from Rp2 trillion in the previous year.

Such achievement is a satisfactory moment, as the 2020 profit before tax in the industrial sector showed negative growth of minus 31%. Furthermore, the Net Interest Income (NII) rose to 9.21% YoY. Compared to the 2020 target, all achievements in this economic aspect are seen as momentous that we need to share with stakeholders.

Bank Mega reinforces financing for debtors, which is included in the portfolio of Sustainable Business Activities Category (KKUB). The performance of KKUB financing to the total portfolio in 2020 grew to 26.10% of the total portfolio, compared to the previous year at 23.30%. This is in congruent with the industrial trends that also portrayed a slow movement in credit due to the strained performance in the real and business sectors. The KKUB financing increased by 7.47% from Rp11,840 billion to Rp12,724 billion. In 2020, Bank Mega distributed financing to consumers and MSME as much as Rp51.25 billion.

The Mega Peduli program in 2020 focused on activities that impacted the COVID-19. As a real contribution in the health sector, Bank Mega and PT CT Corpora as well as Astra International and Indofood provided aid in the form of medical equipment for Intensive Care Unit (ICU) and High Care Unit (HCU) to two COVID-19 referral Hospitals, which were RSUPN Dr. Cipto Mangunkusumo (RSCM) in Jakarta and Tropical Infectious Disease Hospital (RSPTI) of Airlangga University in Surabaya. The aid provided were in the form of 128 slices of MSCT scan, digital mobile xray, ventilator, and monitor bed.

More aid was also distributed to the National Brain Center Hospital (RS PON) in Jakarta, procuring BSL-2 (Biosafety level 2) laboratory to ensure the Polymerase Chain Reaction (PCR) test could be administered at said laboratory. Additionally, Bank Mega distributed 16 thousand packages of staple food to the underdeveloped people, who reside surrounding the Head Office and 379 Branch Offices of Bank Mega spread across Indonesia.

In environment, Bank Mega has initiated a fuel use efficiency program to reduce emission generated from operating service vehicles. In 2020, this attempt managed to lessen the fuel by 475,609 litres or equivalent to CO2 emission of 1,117,524 Kg.

### Target Achievement Strategy

Despite still being challenged by the COVID-19 pandemic, Bank Mega continues to maintain the business performance and administer sustainable finance optimally. Bank Mega realizes that the prospect of KKUB credit financing is still widely open. Based on this prospect, We implement strategies to the distribution of MSME financing, so that the KKUB portfolio can grow 5% higher in 2021 compared to 2020. Moreover, Bank Mega continues identifying green portfolio to use the opportunity and business prospects with LST-based insight.

### Appreciation

We are aware that this excellent performance achievement could not happen without the support from all of Bank Mega's stakeholders. Hence, on behalf of the Board of Directors of Bank Mega, we would like to express our gratitude to all stakeholders who have supported us in accomplishing admirable performance despite being amidst the COVID-19 pandemic. Next, we are optimistic that we can increase our performance continuously.

**Kostaman Thayib**

President Director

## Statement of Members of the Board of Commissioners on the Responsibility for the PT Bank Mega, Tbk 2020 Sustainability Report

We the entire Board of Commissioners hereby state that all information in the PT Bank Mega, Tbk Sustainability Report for the 2020 fiscal year has been composed in its entirety and in accordance with prevailing regulations. We are fully responsible for the accuracy of the contents of the Sustainability Report of the Company.


Jakarta, March 30, 2021

  
**Chairul Tanjung**  
 President Commissioner

  
**Yungky Setiawan**  
 Vice President Commissioner

  
**Achjadi Ranuwisastra**  
 Independent Commissioner

  
**Aviliani**  
 Independent Commissioner

  
**Lambock V. Nahattands**  
 Independent Commissioner


## Statement of Members of the Board of Directors on the Responsibility for the PT Bank Mega, Tbk 2020 Sustainability Report

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Jakarta, March 30, 2021

  
**Kostaman Thayib**  
 President Director

  
**Madi Darmadi Lazuardi**  
 Credit Director

  
**Lay Diza Larentie**  
 Consumer Banking Director

  
**Martin Mulwanto**  
 Treasury & International Banking Director

  
**Yuni Lastianto**  
 Compliance and Human Capital Director

  
**Indivara Erni**  
 Risk Director

  
**C. Guntur Triyudianto**  
 Operations & Information Technology Director

## » About Report [102-45, 102-48, 102-49, 102-50, 102-51, 102-52, 102-54]

This report is the second sustainability report for Bank Mega which was prepared separately from the annual report. The sustainability report contains information on the performance of economic, social, environmental, and governance aspects for the period of January 1 to December 31, 2020. Sustainability Report is presented every year and previously was published on February 13, 2020. This sustainability report has yet to be evaluated by an independent party, but the data presented has been verified by an internal party. Particularly for financial statements, the data presented is a consolidated data that has been audited by a Public Accounting Firm, whereas the rest of the data originates from the head office.

The sustainability report was prepared in accordance with the regulation of Financial Services Authority (OJK) Number 51/POJK.03/2017, with additional references to the Global Reporting Initiative (GRI) Standards: 'in accordance', and financial services sector supplement. In 2020, no changes were made over the information presented in the 2019 Sustainability Report, thereby no data was restated.



**Reporting Contact**  
[102-53]

**Name** : Christiana Maria Damanik  
**Position** : Corporate Secretary

**Email** : corsec@bankmega.com  
**Phone** : (62-21) 7917 5000 (hunting)

### Responses to the Feedback of the 2019 Sustainability Report

As of the end of 2020, We have not received any inputs on the publication of the 2019 sustainability report. Nevertheless, We continued to making improvements in order to present better quality information for the readers.

### Defining Content and Quality of Report [102-46]

In defining the content of report, it is conducted based on the principles of stakeholder involvement, sustainability context, materiality, and comprehensiveness. The process of reporting uses the principles of quality, emphasizing on balance, comparability, accuracy, promptness, clarity, and reliability.

### Stages in defining the content of Sustainability Report are as follows



#### Identification

We performed identification of material topics in a training that was held in November 13-14, 2019. Any topics that were deemed still relevant were evaluated and adjusted as per condition in 2020.



#### Prioritization

Upon the determination of the material topics, we prioritized significant topics in accordance with the needs of the Bank's stakeholder and strategies.



#### Validation

The defined material topics were then discussed and approved by Compliance & Human Capital Director.



#### Review

We performed an evaluation on the inputs based on the 2019 annual report and we present the improvements in this report.



### Material Topic and its Boundaries [102-46, 102-47]

In 2020, we added one material topic, 'Occupational Health and Safety', as the main topic. We prioritized this topic as a response and effort in breaking the cycle of the COVID-19 transmission. Other topics were presented as well to meet the needs of stakeholders and comply with the regulations.

Thus, there were four material topics, adding to the three material topics in the previous year. All of the material topics were related to the support to the Sustainable Development Goals (SDG).

### Material Topics, Sustainability Issues, and Boundaries



#### Material Topic Occupational Health and Safety

#### Support for SDGs



#### Sustainability Topic

1. Managing the COVID-19 pandemic
2. Implementing occupational health and safety as per standards
3. Health Insurances

#### ● Inside Company

1. Employee

#### ● Outside Company

1. Customer
2. Public



#### Material Topic Economic Performance

#### Support for SDGs



#### Sustainability Topic

1. Profit before tax increased, whilst the average national banking was recorded at (28.21%) as per November 2020
2. Operational cost efficiency amounted to 8.16%
3. Credit distribution was negative at 8.54% compared to the previous year as the credit growth was slow in the real and business sectors
4. KKUB portfolio grew by 7.47% from the previous year
5. Anti-fraud and anti-corruption, Anti-Money Laundering and Counter Terrorism Financing (APU-PPT)
6. Complied with regulations and good corporate governance

#### ● Inside Company

1. Shareholder
2. Employee

#### ● Outside Company

1. Investor
2. Customer
3. Public
4. Regulator
5. Media



#### Material Topic Customer Privacy and Services Quality

#### Support for SDGs



#### Sustainability Topic

1. Applied digital innovation technology
2. Maintained the security of customer data information
3. Enhanced the quality of best services, as well as ease of access for customers

#### ● Inside Company

1. Employee

#### ● Outside Company

1. Customer
2. Public



### Material Topic Training and Education

#### Support for SDGs



### Sustainability Topic

1. Sustainable Finance Training
2. Competence and career path development training
3. Competence development training for customers and public
4. Financial literacy

### • Inside Company

1. Employee

### • Outside Company

1. Customer
2. Public

## » Company Profile [102-16]



### Vision

**To Become the  
Nation's Pride**



### Mission

To build a good and continuous relationship with customers through innovative banking services and synergy, supported by an integrated ecosystem, professional human capital, as well as excellent organizational performance capability to give high added values for stakeholders

### Values



Dynamic

Entrepreneurship

Trust

Ethics

Commitment

Synergy

### Sustainability Culture

Bank Mega released policies on the support to the Sustainable Finance by encouraging environmentally friendly behavior, such as saving energy and discontinuing the use of bottles packaging. These policies were implemented in accordance with the Corporate Values, particularly in Ethics, Commitment, and Synergy.

The supervision on the implementation of sustainable culture is conducted through Corporate Culture & Change Management Specialist (CCCM), which is a part of the Corporate Affairs Operating Unit. Evaluation report is submitted to President Director.



## Company Public Information [102-1, 102-2, 102-3, 102-4, 102-5, 102-6]

### Name of Company

PT Bank Mega Tbk.

### Ownership

PT Mega Corpora (58.02%)  
PT Indolife Pensionsama (6.07%)  
Public (35.91%)

### Date of Operation

1969

### Head Office Address

Menara Bank Mega, Jl. Kapten Tendean  
Kav. 12-14A, Jakarta 12790, Indonesia  
Tel. (+6221) 7917 5000,  
Fax. (+6221) 7918 7100,  
Mega Call: (+6221) 500 010/60 010 (selular)  
Website: [www.bankmega.com](http://www.bankmega.com)  
E-mail: [corsec@bankmega.com](mailto:corsec@bankmega.com)

### Legal Basis of

#### Establishment

Deed of Establishment  
Number 47 dated  
November 26, 1969

### Areas of Operations

Below are the eight regional offices in Indonesia:

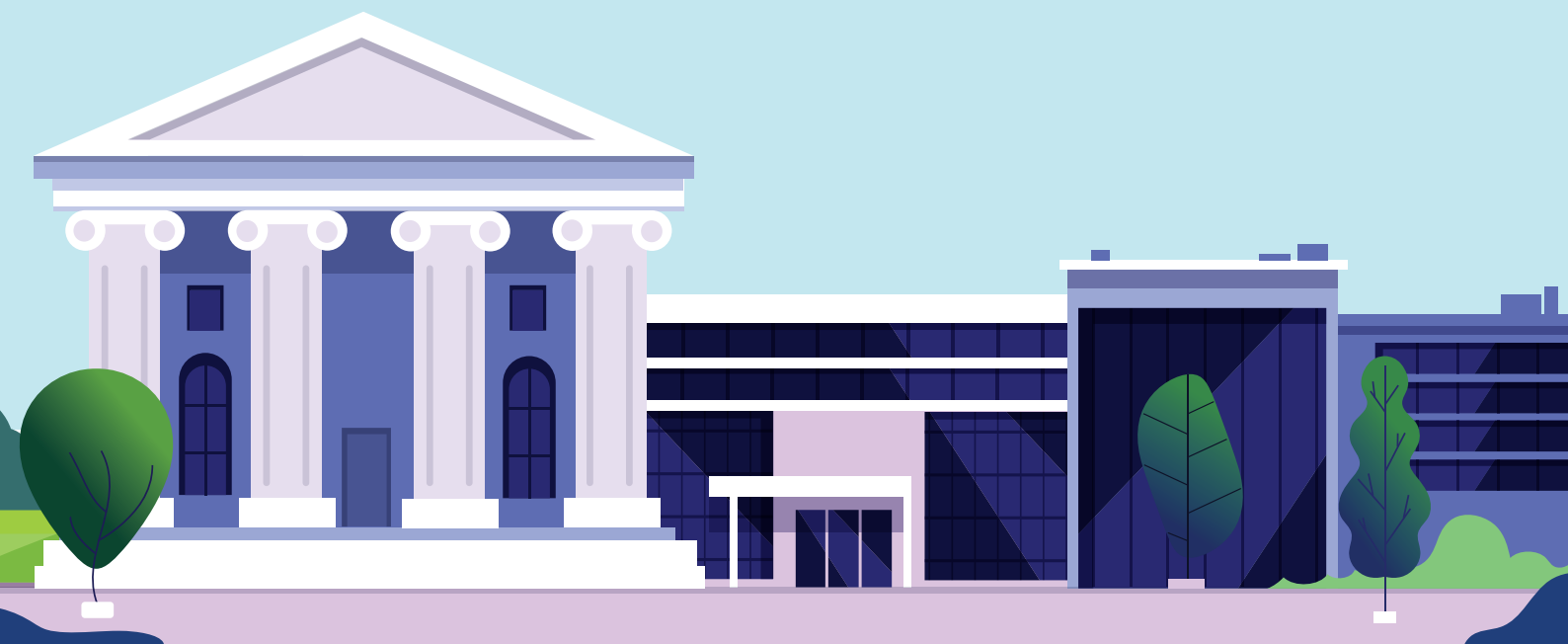
1. Medan excluding Lampung
2. Jakarta 1 (DKI Jakarta, Bekasi, Karawang area)
3. Jakarta 2 (South Jakarta, Lampung, Bogor, Depok, Tangerang, Banten areas)
4. Bandung (West Java area (excluding Bogor, Depok, Bekasi, and Karawang)
5. Semarang (Central Java area, DI Yogyakarta)
6. Surabaya (East Java area, NTB, NTT, Bali)
7. Makassar (Sulawesi, Maluku, Papua areas)
8. Banjarmasin (Kalimantan area)

### Line of Business

Banking

### License

Decree of Minister of  
Finance of the Republic  
of Indonesia Number  
D.15.6.5.48 dated  
August 14, 1969



## Company Scale [102-7]

Description	Unit	2020	2019	2018
Total Permanent Employee	People	5.201	5.534	6.122
Total ATM	Machine	684	709	720
Net Interest Income	Trillion Rp	3,91	3,58	3,51
Net Profit		3,01	2,00	1,60
Total Capitalization				
Total Liability	Trillion Rp	94,00	85,26	69,98
Total Equity		18,20	15,54	13,78
Total Assets		112,20	100,80	83,76

## Products and Services

Bank Mega strives to provide excellent products and services to all customers. Products released by Bank Mega are Savings, Loans, Trade Finance, International Transactions, Treasury, and Payment Transaction with Cards. Meanwhile, services that provide ease for customer transaction can be obtained through Internet Banking, Mega Pass, and Mega ATM. Further information on products and services can be accessed through the 2020 Annual Report, or the website [www.bankmega.com](http://www.bankmega.com).

### Total Service Transaction (Billion Rp Value)

			2020	2019
Service	Mega ATM	Customer Value	242.286 7,074	316.412 11,348
	Mega Pass	Total Cards Value	415.864 412,3	592.420 516,4
	Internet Banking	Customer Value	34.266 55,290	39.526 71,384
	Mobile Banking	Customer Value	286.977 4,894	119.292 2,721
	Electronic Cash	Total Cards Value	4,2 3,7	4,2 39,4
	Safe Deposit Box	Box Value	7,407 4,7	6,569 4,8

## Product Quantity

Type	Unit	2020	2019	2018
Savings	Customer (people) Value (billion Rp)	362.241 79,19	432.770 72,79	503.002 60,74
Treasury	Customer (people) Transaction Frequency Value (billion Rp)	4,403 19,017 548,34	3,155 19,274 781,47	1,713 23,639 634,78

## Supply Chain [102-9]

Supply chain is a supporting element to facilitate Bank Mega's operational activities. To ensure a quality, transparent, professional, and safe supply chain, Procurement Committee directly coordinates with the

Board of Directors. The Procurement Committee also performs routine evaluation on vendors' performance and gives suggestions toward cooperation agreements.



## Significant Changes [102-10]

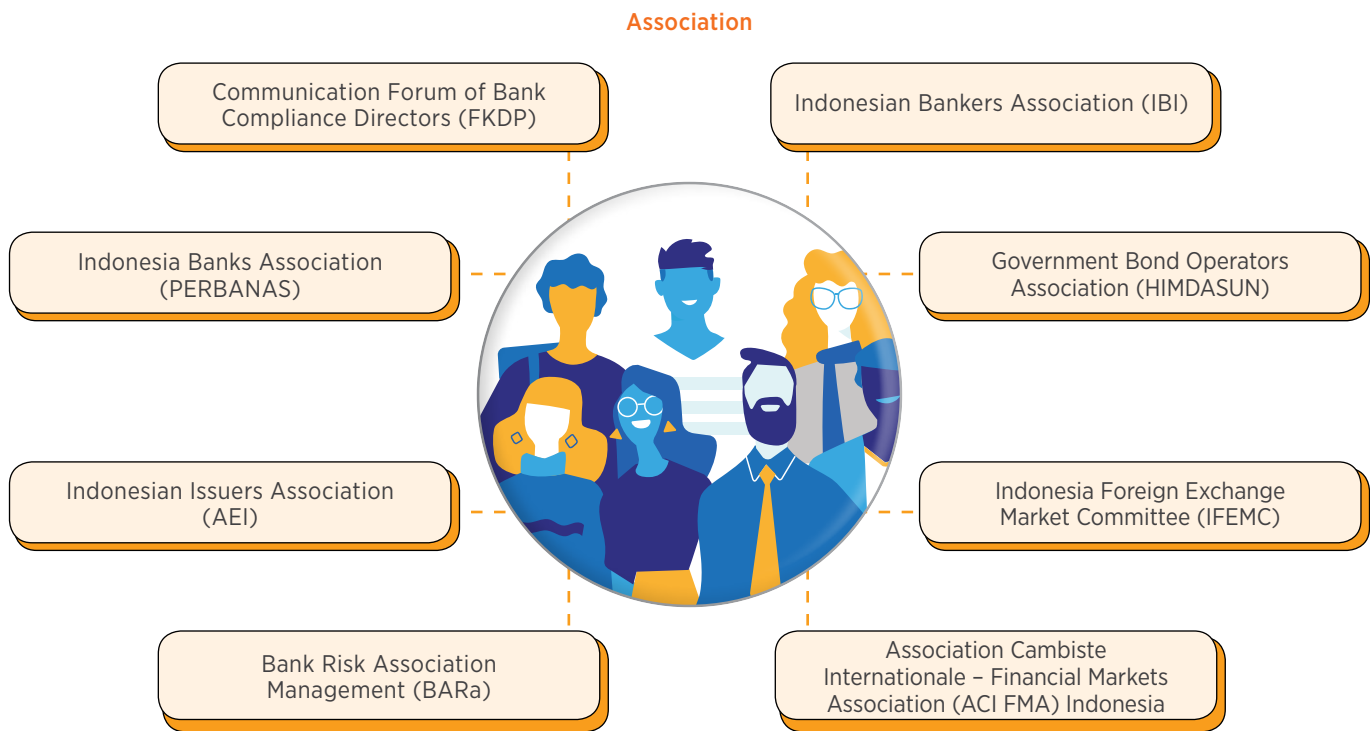
In 2020, Bank Mega did not have additional branch offices, instead the company relocated 2 branch offices, which were KK Transmart Cilegon on March 23, 2020 (KK JKT Wisma GKBI) and KCP JKT Equity Tower on December 14 (KCP JKT BEJ). Total office network of Bank Mega as of 2020 was 387 offices spread across Indonesia, consisting of 8 Regional Offices, 54 Branch Offices (KC), 283 Sub-Branch Offices (KCP), 40 Cash Offices (KK), and 2 Functional Offices (KF).

However, during the COVID-19 pandemic, Bank Mega had a temporary closure at 12 offices, 1 KC, 1 KK, and 10 KCP. The closure was necessary to reduce the spread cycle of the COVID-10, as well as to maintain the health and safety of all employees and customers. Despite being closed temporarily, it had not significant impacts to the operational activities as the banking process was still available through digital banking.

## Membership in Associations [102-13]

In 2020, Bank Mega did not participate in associations, specifically related to the sustainable finance. Nevertheless, Bank Mega played an active role as a member in following

the latest developments by engaging in other national-scale associations of financial services.





## » SUSTAINABILITY GOVERNANCE

Bank Mega implements Good Corporate Governance (GCG) that is included in the Company's Articles of Association. This implementation refers to the Governance Principles that adhere to The Organization for Economic Cooperation and Development (OECD); GCG Guidelines of Indonesia's

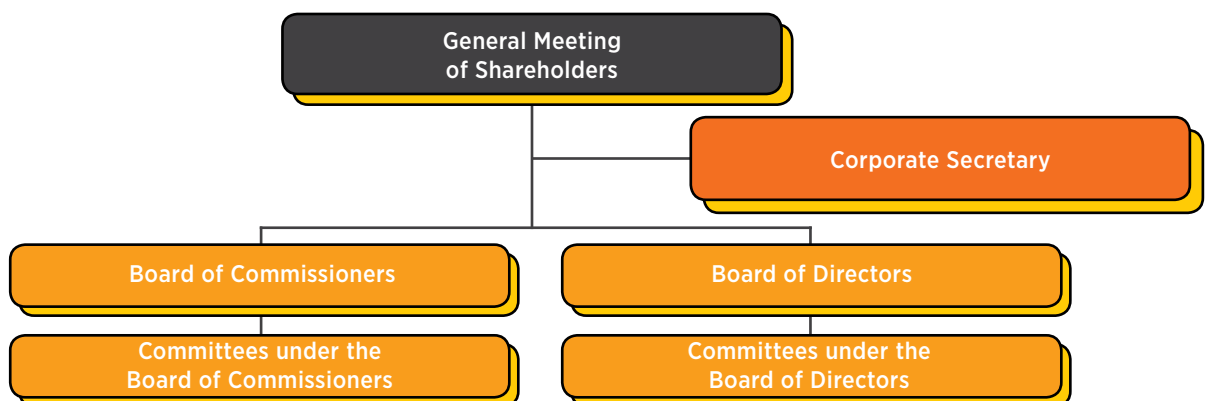
banking from the National Committee of Governance Policy (KNKG); ASEAN Corporate Governance Scorecard; and, Principles for Enhancing Corporate Governance, which was issued by Basel Committee on Banking Supervision.

### Sustainability Governance Structure [102-18]

Bank Mega has formulated a Governance Structure that complies with the Limited Liability Company Law, with General Meeting of Shareholders (GMS) as the highest organ. This structure has been made in line with POJK Number 18/

POJK.03/2014 on the Integrated Governance for Financial Conglomerates. As for the implementation of sustainable finance, Bank Mega has established a Sustainable Finance Team.

Governance Structure



The Sustainable Finance Team was formed through the Board of Directors' Decree (SK) Number 153/DIRBM/19 dated June 20, 2019 on the Membership Structure of the Sustainable Finance Team. The position of the Sustainable Finance Team is non-structural in Bank Mega's organization with members from several operating units. The team is responsible to prepare RAKB report (Strategic & Business Development Operating Unit) and Sustainability report (Corporate Affairs operating unit). Sustainable finance performance is reported periodically to Compliance & Human Capital Director. [102-20]

In 2020, the Sustainable Finance Team realized several activities as per its duties and recorded some information, such as follows:

1. Completed the preparation of RAKB and submitted to OJK promptly.
2. Organized online sustainable finance trainings by working together with an external consultant.
3. Developed a coding to identify financing on sustainable business activities category (KKUB) by collaborating with Operations & IT operating unit.

4. Performed social activities as a form of TJSL activity that supported the implementation of Sustainable Finance.
5. Prepared the 2019 sustainability report which was submitted to stakeholders in the GMS of March 6, 2020.
6. Held a regular meeting with relevant parties to monitor the implementation of RAKB.

#### **Sustainable Finance Policy [FS1]**

Bank Mega has made adjustments to efficiency-related policies which were issued in 2019 through the establishment of digital transformation task force and cost efficiency task force on human capital and general affairs. The existence of these task forces not only give positive impacts to Bank Mega, but also to shareholders, employees, and the public.

Bank Mega also has made changes to Bank Credit Policy, which stated in SK 088/DIRBM/20 of 2020, and Sustainable Finance Policy, which is elaborated in SK 084/DIRBM/20 of 2020, so that credit approval complies with the Sustainable Finance principles. Through these adjustments, Bank Mega expects the implementation of Sustainable Finance can be realized to achieve Sustainable Development Goals.

## **Competency Development over Sustainable Finance**

In December 2020, Bank Mega launched e-learning sustainable finance in hopes of all Employees could gain access to trainings easier, wherever and whenever they were ready. Bank Mega also organized a policy socialization on environment and social affairs to the credit and risk management functions. This e-learning infrastructure development will be carried on internally by Bank Mega.

[FS4]

Throughout 2020, Bank Mega has held an online training on sustainable finance, which was joined by 36 executive officials. In addition, the sustainable finance training stage I was conducted through e-learning media and was followed by 2,411 employees from the branch/regional offices. Aside from trainings, to increase the awareness on the importance of supporting the Sustainable Developments, Bank Mega distributes Bulletin to disseminate information on sustainable finance to all stakeholders. These efforts are steps to strengthen sustainable culture.



## Risk Management Procedure in Implementing Sustainable Finance [102-11] [FS2]

For the purpose of improving the implementation of Risk Management, Bank Mega continues advancing the tools used to evaluate and correct each weakness in policies and processes, as well as towards human capital development, which is key to the implementation. This is essential considering risk factor has a dynamic attribute upon following the trends in the business banking practices.

Bank Mega has risk management as a precautionary approach to minimize corporate risks and exercise the sustainable finance principles. The risk management is implemented as a procedure to identify, measure, monitor, and control risks over the implementation of sustainable finance. The Risk Management has four pillars, which are as follows:

- The Board of Commissioners and Board of Directors' Active Supervision
- Adequacy in Policy, Procedure, and Limit Set-Up
- Adequacy in Identifying, Measuring, Monitoring, and Controlling Risks as well as Risk Management Information System
- Internal Control System

In agreement with POJK Number 51/POJK.03/2017 dated July 27, 2017 on the Implementation of Sustainable Finance for Financial Service Institutions, Issuers, and Public Companies, Bank Mega has prepared standard references in implementing sustainable finance, which are elaborated in the 2020 Sustainable Financial Action Plan (RAKB). In the RAKB, there are plans which will be conducted by Bank Mega in terms of Sustainable Finance, one of which is related to the risk management implementation that pertains to the Sustainable Finance.

The implementation of sustainable finance is directly monitored by Compliance & Human Capital Director, whose results are reported to the Board of Commissioners and Board of Directors. The supervision is assumed through activities that have been planned in the RAKB. Bank Mega has set several priorities related to the risk management that would be conducted throughout 2020, among which

was updating the Bank Credit Policy on credit lending regulation that needs to be avoided by considering the impacts generated in business activities of the prospective debtors against the environmental sustainability, and social negative impacts. On the other hand, another priority related to the implementation of sustainable finance planned to be held in 2020 was deepening employee awareness and competency on the sustainable finance by means of trainings, workshops, and socialization.

Regarding the plan included in the 2020 RAKB, Bank Mega has updated the Bank Credit Policy, which is stated in the Letter of Decree Number 088/DIRBM/2020 dated October 27, 2020. Moreover, Bank Mega has heightened employee awareness on Sustainable Finance by providing socialization through CreditBlast Vol. 7, issued in July 2020, and Credit Risk Management Bulletin Vol. 6, issued in August 2020 and Vol. 7, issued in October 2020, all of which were published through Bank Mega's internal web and sent in an email blast to all of the Bank's employees.

Bank Mega has also started adjusting credit requirements gradually by considering the LST aspect and debtors' risk profile, which are reflected in the updated Bank Credit Policy, in which the Bank has included the Sustainable Finance element.

As of December 31, 2020, the credit lending portfolio based on the LST or Sustainable Business Activities Category (KKUB) aspects was recorded at Rp12.72 trillion. To enhance the quality of credit risk supervision on the LST aspect, starting from 2019, the credit evaluation process will be managed by the Strategic & Business Development (SBDV) Operating Unit as the head of Sustainable Finance Team and other 15 Operating Units for assistance.

### Problems related to the Implementation of Sustainable Finance

In applying Sustainable Finance in Bank Mega, there are challenges that unquestionably faced by the Bank, both internally and externally. The implementation of sustainable finance needs time and process that require systematic planning, thus supports from all parties are necessary to achieve maximum results and be able to address any issues.

The internal challenges lie in how to increase the awareness of all employees related to the Sustainable Finance implementation, particularly in credit sector, as well as that of related to environmentally-friendly behavior, both for employees and debtors. Further efforts are also needed to increase employee competency, so that the sustainable finance can be well implemented.

To achieve such goal, the efforts required are substantial considering the number of employees, large organizational structure, and Bank Mega's widespread branch network throughout Indonesia. The occurrence of COVID-19 pandemic caused all offline training and socialization process turned online. In 2020, Bank Mega managed to perform training and socialization on Sustainable Finance through internal online media send to all employee emails, hoping it would increase the employee competency and awareness on Sustainable Finance.

Externally, Bank Mega also discerns that extensive supports and collaboration remain desired among regulators to bolster the sustainable developments, mainly funding in green projects. Technology acceleration and manners in conducting business became Bank Mega's solely attention to continuously adapting rapidly. Therefore, Bank Mega's employees' readiness is key in handling the challenges caused by all of these changes.





## Stakeholder Engagement [102-40, 102-42, 102-43, 102-44]

Bank Mega has mapped stakeholders based on their proximity, influence, and impacts to the Company. The mapping is conducted through internal discussion and the Compliance Function is responsible for ensuring well-established relationships among the stakeholders.



### Stakeholder

Investor and Shareholder

#### Means of Engagement and its Frequency

- General Meeting of Shareholders (GMS): once a year
- Extraordinary General Meeting of Shareholders (EGMS): if necessary
- Quarterly Report
- Annual Report
- Sustainability Report

#### Significant Topic and Stakeholder Needs

- Financial performance
- Sustainability performance

#### Bank Mega's Response

- Held GMS and EGMS
- Financial performance reporting (Public Expose)



### Stakeholder

Customer

#### Means of Engagement and its Frequency

- Banking activities in branch office: at any time
- Through contact center: MegaCall 08041500010/(+62) 29601600 (overseas), website, and social media: at any time
- Customer satisfaction survey: every year

#### Significant Topic and Stakeholder Needs

- Responses and solutions to inputs, complaints, and information requests
- Banking product development, including digitalization
- Occupational health and safety, mainly the bank's office areas
- Sustainability performance
- Data privacy and security protection
- Education and training
- Prime services
- Financial literacy and inclusion

#### Bank Mega's Response

- Provided communication media and 24-hour service
- Followed up complaints received
- Explored customer needs, and developed product innovation and services, including digital banking
- Conducted customer satisfaction survey
- Safeguarded customer privacy and data security
- Performed financial literacy and inclusion program



## Stakeholder

### Regulator

#### Means of Engagement and its Frequency

- Compliance reporting: at least once a year or incidental by nature
- Submission of proof on AGMS and EGMS announcement, an overview of the Consolidated Financial Statements: at least once a year or incidental in nature
- Monthly report, Public Expose Plan: at minimum once a year or incidental by nature

#### Significant Topic and Stakeholder Needs

- Regulation compliance and implementation of prudential principles and corporate governance
- Environmental and social risk analysis in credit lending
- Anti-fraud and anti-corruption, Anti-Money Laundering and Counter Terrorism Financing (APU-PPT)

#### Bank Mega's Response

- Compliance reporting
- Compile RAKB report
- Developed annual report and sustainability report
- Other meetings, such as pre-exit meeting and exit meeting



## Stakeholder

### Employee

#### Means of Engagement and its Frequency

- Internal communication media: at any time
- Internal meeting as needed: at any time
- Sharing session held in accordance with respective Operating Unit's policy
- Banking services and/or facilities that can be accessed at any time

#### Significant Topic and Stakeholder Needs

- Industrial relationship
- Employee rights and obligations
- Opportunities in career development, competency, training and education
- Occupational health and safety

#### Bank Mega's Response

- Provided whistleblowing channel to accommodate employees' complaints
- Granted employees the rights that were in line with the Company's regulations
- Provided training & development
- Performed work evaluation, promotion, and mutation



## Stakeholder

### Business Partner/Supplier/Vendor

#### Means of Engagement and its Frequency

- Interaction via website: at any time
- Code of conduct concerning vendors
- Meeting with Procurement Committee: if necessary, once a year

#### Significant Topic and Stakeholder Needs

- Transparent goods and/or services procurement
- Fair contract work
- Prompt payment
- Mutually beneficial work relationship

#### Bank Mega's Response

- Provided the required information to smoothen the procurement process and work
- Socialization on policies and code of conduct
- Established business communication
- Completed payment promptly



## Stakeholder Media

### Means of Engagement and its Frequency

Press Release: if needed or incidental  
by nature

### Significant Topic and Stakeholder Needs

Information and data on the company,  
among which pertaining to the  
company's finance, products, and  
corporate actions

### Bank Mega's Response

- Conducted press conference
- Media publication and company report

## Anti Fraud and Whistleblowing System Policy [205-3]

Bank Mega ensures all the banking business activities are performed legally, complying with prudential principles and good corporate governance (GCG), in which include anti-fraud strategy according to the Financial Services Authority Regulation Number 39/POJK.03/2019 on the Implementation of Anti-Fraud Strategy for Public Banks dated December 19, 2019. Aside from the Anti-Fraud Strategy Implementation policy, Bank Mega also has Whistleblowing System policy stated in 094/DIRBM-PRMG/2019 concerning the Whistleblowing Reporting System as a communication channel for all employees. This channel serves as a media to accommodate the Bank's internal inputs or complaints.

Bank Mega gives access to all Employees without exception to take the initiative as a whistleblower to share information to the Banking Fraud Operating Unit, which answers directly to the President Director. The Whistleblowing System policy is aimed to prevent fraud cases early on, so that they can be addressed well before causing a huge loss for the Bank. Routinely, Bank Mega submits a report to OJK every semester as well as an incidental report over a case that may disrupt the Bank's operational activities as per prevailing provisions.

In 2020, 21 employees were found committing fraud and the case was followed up by the Management by imposing a sanction, fitting the degree of offence.

### Whistleblowing System Mechanism



# SUSTAINABILITY PERFORMANCE







## » Economic Performance

### Economic Performance Achievement 2020



1<sup>st</sup> Rank for Conventional Commercial Banks Credit Card Brand: Mega Credit Card – Infobank and Isentia Versions



“1<sup>st</sup> Rank for Public Companies with the Highest Increase of Income”

“2<sup>nd</sup> Rank for Public Companies with the Highest Increase of Profit” – SWA Magazine’s Version of the Phenomenal Companies 2020



Indonesia Financial Top Leader Award 2020 Best Leader for Business Sustainability through Good Corporate Governance Initiative – Empowerment of the Micro and Small Medium Enterprises (MSME), BUKU III Private Banks – Warta Ekonomi Version

#### Management Approach [103-1, 103-2, 103-3]

Indonesia’s economic growth in 2020 declined due to COVID-19 pandemic. According to Statistics Indonesia (BPS), the economic growth in the country in the second quarter reached minus 5.32%, and the Ministry of Finance projected that it would remain minus until the third quarter. Facing the situation, various efforts are continuously performed by Bank Mega to increase its financial performance and support the national economy.

Such endeavors managed to put Bank Mega in the position of having positive performance for the increase in profit before tax at 48.10%. This rise is a result of strategy to maintain profitability through focus in revenue increase, which stems from net interest income and fee-based income as well as efficiency.

On the other hand, Bank Mega recorded credit distribution at Rp48.49 trillion, decreasing by 8.54% compared to the previous period, which amounted to Rp53.02 trillion. The credit composition of Bank Mega is dominated mainly by 3 credit segments, namely corporate loan (13.36%), joint finance (-25.41%), and credit card (-19.05%).

Bank Mega maintains credit quality intensively by reviewing debtors’ financial capacity and performing analysis periodically. This implementation is effective in maintaining the credit profile and quality. In terms of liquidity, Bank Mega enforces a policy to uphold LDR ratio approximately 70% lower than Banking LDR.

The satisfactory economic performance in 2020 will continue to be intensified with the increasing target 16.5% on the 2021 profit before tax. Efforts for target achievement will be performed constantly by increasing the innovation technology in banking digitalization. This positive economic performance is expected to be a solid base for sustainable business developments, including extending the sustainable financial portfolio.

Also, Bank Mega has Internal Audit Operating Unit that is responsible for assessing the implementation of internal control system, risk management, GCG, and sustainable finance in the Company’s business process. The Internal Audit supervises all of the implementations and answers to the President Director.



Financial Performance (Trillion Rp)			
Description	2020	2019	2018
Total assets	112,20	100,80	83,76
Loans	48,49	53,02	42,25
Third Party Fund	79,19	72,79	60,73
Net Interest Income	3,91	3,58	3,51
Non-Interest Income	2,92	2,32	2,02
Net Operating Income	3,74	2,48	1,95
Net Profit	3,01	2,00	1,60

Financial Ratio (%)			
Description	2020	2019	2018
Minimum Capital Adequacy Ratio	31,04	23,68	22,79
NPL gross	1,39	2,46	1,60
NPL nett	1,07	2,25	1,27
Return on Asset (ROA)	3,64	2,90	2,47
Return on Equity (ROE)	19,42	14,85	13,76
Net Interest Margin (NIM)	4,42	4,90	5,19
Efficiency Ratio (BOPO)	65,94	74,10	77,78
Loan to Deposit Ratio (LDR)	60,04	69,67	67,23

Realization of Financial Performance (Trillion Rp)			
Description	2020	2019	2018
Net Operating Income			
Target	2,75	2,28	1,65
Realization	3,74	2,48	1,95
Net Profit (Loss)			
Target	2,21	1,84	1,37
Realization	3,01	2,00	1,60
Total Loan/Financing of KKUB			
Target	13,02	-	-
Realization	12,72	11,84	-

Bank Mega realizes that the economic performance is also closely related to social and environmental risks. The largest social risk is human capital competency and customer service, whereas the environmental risk lies in credit financing in high-risk business sector, including extreme weather changes. These changes in the weather pose negative impacts that can directly influence the banking business activities, for example the great flood in Jakarta in the early 2020.

In spite of the indirect flood due to climate change, the torrential and constant rainfall presumably arose due to the extreme changes in the weather. The loss inflicted by this flood was profoundly significant, bringing negative impacts to the economy and all business activities.

The climate change risks have become our responsibility and as a financial institution, Bank Mega supports the implementation of sustainable finance as one of the efforts of environmentally-friendly financing.



**Indonesia's Most Popular Digital Financial Brands (Millenials' Choice) - Iconomics**

CNBC Indonesia Award 2020 - **The Most Inspiring Banks - The Most Profitable Bank of The Year**

**100 Excellent Growth Company Ranks 2020 Rank 8 in Indonesian Business**

Top 20 Financial Institutions - **The Best Performing Bank 2020 Kategori BUKU 3 - The Finance**

## Sustainable Financial Performance

Bank Mega has submitted the 2019 - 2023 Sustainable Finance Action Plan (RKAB) to the Financial Services Authority (OJK). The RKAB contained three priority programs, which are portfolio mapping based on the Criteria and Category of Sustainable Business Activities (KKUB), development of the Bank's internal capacity, and adjustments to the standard operating procedure.

Bank Mega mapped the financing to debtors portfolio into 12 categories of Sustainable Business Activities (KKUB). In line with the RKAB, Bank Mega disbursed the largest corporate segment KKUB credit to the "Business Activities and/or Other Activities with Environmental Awareness" with the total value of Rp9,734.5 Billion, a 4.5% increase from 2019. Furthermore, the KKUB credit with considerably significant increase percentage was the Sustainable Management of Biological Natural Resources and Land Use, reaching Rp957 Billion, from Rp66 Billion in 2019.

### Realization of Total Sustainable Finance Financing (Billion Rp)

Description	Target 2020	2020 Realization
Total products complying with the sustainable business activities category (KKUB)		
a. Funds Acquisition	695	617
b. Funds Distribution	13.024,27	12.724,51
Total productive assets of sustainable business activities		
a. Total KKUB Loan/Financing	13.024,27	12.724,51
b. Total Non-Loan/Financing of Sustainable Non-Business Activities	-	35.762,01
Percentage of total loan/financing of sustainable business activities total bank loan/financing (%)	-	26,24
Total	13.024,27	12.724,51

Description	2020 Realization
Total and quality of loan/financing based on KKUB	
Biological Resources Management and Sustainable Land Use	1.040,77
Environmentall-Friendly Transportation	259,32
Eco-Friendly Building that Complied with Nationally, Regionally, or Internationally Acclaimed Standards or Certifications	1.273,95
Business Activities and/or Other Environmentally-Friendly Activities	10.121,77
MSME Activities	28,70
Total	12.724,51



### Credit Distribution per Segment (Billion Rp) [FS6]

Description	2020	2019	2018
Corporate Loan	11.889,59	10.344,90	4.011,02
Biological Resources Management and Sustainable Land Use	957,88	66,03	69,04
Environmentall-Friendly Transportation	259,32	100,93	12,20
Eco-Friendly Building that Complied with Nationally, Regionally, or Internationally Acclaimed Standards or Certifications	937,88	858,43	861,56
Business Activities and/or Other Environmentally-Friendly Activities	9.734,50	9.319,51	3.068,21
Commercial Loan	783,67	1.469,00	1.139,60
Biological Resources Management and Sustainable Land Use	66,76	71,04	39,37
Eco-Friendly Building that Complied with Nationally, Regionally, or Internationally Acclaimed Standards or Certifications	336,07	720,59	757,95
Business Activities and/or Other Environmentally-Friendly Activities	380,84	677,43	342,28
Retail Loan (MSME & Consumer)	51,25	26,30	29,10
Biological Resources Management and Sustainable Land Use	16,12	16,53	19,57
Eco-Friendly Building that Complied with Nationally, Regionally, or Internationally Acclaimed Standards or Certifications	0	2,84	2,84
Business Activities and/or Other Environmentally-Friendly Activities	6,42	6,36	6,36
MSME Activities	28,71	0,56	0,32

### Credit Distribution based on the Economic Sector in 2020 [FS6]

Economic Sector	Number of Debtors Customer Information File (CIF)	Outstanding Loans (Billion Rp)
Social, culture, and entertainment public service	1	0,5
Processing Industry	15	1.466,39
Construction	8	8.455,03
Electricity, Gas, and Water	1	2,46
Provision of Accomodations and Food and Beverages	12	441,02
Wholesale and Retail Trade	17	76,41
Mining and Excavation	5	974,01
Agriculture, Hunting, and Forestry	1	0,3
Real Estate, Rental Industry, and Corporate Service	6	1.047,24
Transportation, Warehouse, and Communication	2	216,16
Total	68	12.724,51



### The Support of Bank Mega to MSME during the Pandemic

Bank Mega realizes that the presence of MSME is the backbone of the Indonesian economy which is capable of absorbing a high amount of manpower. However, during the COVID-19 pandemic, many MSME were impacted and experienced difficulty in running their business.

In line with Government regulation under the Coordinating Ministry for Economic Affairs of the Republic of Indonesia No. 6 of 2020, Bank Mega also implemented the relaxation program for debtors whose businesses have been affected by the pandemic. The total financing to MSME distributed in 2020 reached Rp10.1 trillion or approximately 20% of the total credit.

### Opportunities and Challenges of Sustainable Finance Implementation

2020 was a year full of challenges, including in sustainable finance implementation. Occurrence of the COVID-19 pandemic changed the method of thinking and conducting business for the business world. The condition affected the achievement of the targets included in the RAKB from maximum accomplishment.

For the MSME segment, Bank Mega recorded several challenges that may hinder credit distribution. The challenges, among which, are the very extensive spread of MSME locations, the managerial capabilities of management, limited capital, and business legality that requires validity. The challenges motivate Bank Mega to ensure credit distribution remain in accordance with regulations. To address the challenges, the efforts that can be made are by continuing to provide assistance through the corporate social responsibility activities and cooperating with larger business entities.

Beyond the challenges, Bank Mega views that financing opportunities in sustainable finance is increasingly more available along with the increasing awareness in business players to reduce environmental risks, especially climate change. The concern among stakeholders, particularly investors in the environmental, social, and governance (LST) aspects causes many businesses to transform from business-as-usual activities into sustainable business. Gradually, the transformation occurs due to Government support, one of which is the financing of environmentally friendly vehicles. Bank Mega supported this by giving Rp259.32 billion to the loans for environmentally friendly vehicles in 2020.

On the other hand, financing opportunities for businesses with LST awareness also increase in accordance with the rise of awareness among businesspeople to help lower social and environmental risks. The demand from stakeholders also surge for stakeholders who are able to survive and conserve the environment. Therefore, Bank Mega will continue to observe this change and utilize each opportunity to be able to support Sustainable Development Goals.



## » Social Performance



**Pencapaian  
Kinerja Sosial  
2020**

11 awards in the **3<sup>rd</sup> Satisfaction Loyalty Engagement (SLE) Awards 2020** - Infobank and Marketing Research Indonesia (MRI)

Tempo Country Contributor Awards 2020,  
**The Most Appreciation Corporate Social Responsibility**  
of Data Center and Analysis (PDAT), PT Tempo  
Inti Media Tbk and Center for Indonesia  
Taxation Analysis (CITA).

Bank Indonesia Awards 2020,  
**BUKU 3 and 4 Category Best MSME  
Supporting Bank**

Infobank 17<sup>th</sup> Banking Service Excellence  
Awards 2020 - Infobank and MRI  
**3<sup>rd</sup> Best Chatbot Commercial Bank**

### Excellent Human Capital [102-8] [406-1]

Bank Mega continues to attempt to create excellent and professional human capital (SDM) with high integrity. This effort is part of supporting the implementation of human rights by giving equal opportunity to all employees without discriminating against ethnicity, religion, race, class, and gender. Each Bank Mega personnel is entitled to receive training, education, and work assessment in accordance with their needs and talents.



The recruitment process of new employees is conducted by giving equal opportunity to employee candidates, including those from around the company or local community. Each employee candidate has the chance to fill the highest position in accordance with their competency, capacity, and work achievements. The equal work opportunity principle is the basis for the Company in selecting the best personnel to be part of Bank Mega. The equality and diversity in work principle is formulated in Decree 118/DIRBM/15 on the Policy for the Selection and Recruitment of New Employees.

Until the end of 2020, 3 people or 25% of women held positions in the Board of Directors and Board of Commissioners. The presence of women also reflects gender equality and diversity in the Bank's employment composition. Overall, the employee composition between male and female is sufficiently balanced, and the age group is largely in the 25 to 39 group, which is a productive age. With the employee composition dominated by millennials, Bank Mega hopes for excellent human capital that is able to keep pace with fast changes, open to receiving knowledge and experience, as well as able to innovate with the rapidly changing technology.



Due to fair employment performance that upholds human rights, until the end of 2020, Bank Mega did not receive complaints pertaining to discriminatory practices, whether toward ethnicity, religion, gender, race, or class.





#### Employees Based on the Employment Status and Gender [102-8] [405-1]

Status	Gender	2020		2019		2018	
		Total	%	Total	%	Total	%
Permanent & Contract Employees		3.232	49,74	3.697	49,88	4.178	50,77
		3.266	50,26	3.714	50,12	4.051	49,23
	Total	6.498		7.411		8.229	

#### Employees Based on Region and Gender [102-8] [405-1]

Status	Gender	2020		2019		2018	
		Total	%	Total	%	Total	%
Head Office		2.103	32	2.319	31	2.511	31
		1.052	16	1.217	16	1.307	16
	Total	3.155	49	3.536	48	3.818	46

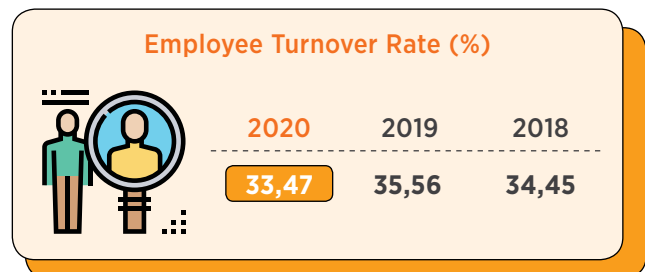
Status	Gender	2020		2019		2018	
		Total	%	Total	%	Total	%
Regional & Branch		1.129	17	1.378	19	1.667	20
		2.214	34	2.497	34	2.744	33
	<b>Total</b>	3.343	51	3.875	52	4.411	54
<b>Total</b>		<b>6.498</b>		<b>7.411</b>		<b>8.229</b>	

#### Employee Turnover Rate [401-1]

In 2020, there was a decrease of 913 employees. The employee decrease was in regard to the decrease of business targets during the COVID-19 pandemic, which caused a considerable number of employee work contracts to not be extended.

In 2020, there were 1,174 employees included in the employment termination (PHK) category, consisting of 134 contract employees whose contracts were not extended, 389 revitalized employees, 309 employees who did not achieve the target, 104 employees who violated Company Regulations, and 238 employees for other reasons. Bank Mega fulfilled the employees' rights in accordance with Company Regulations.

Bank Mega complies with Government stipulations regarding the minimum working age and working hours. The stipulations are formulated in Decree 118/DIRBM/15 on the Policy for the Selection and Recruitment of New Employees. There are no forced labor and child labor activities at Bank Mega. The Company always grants employees' rights, such as salary in accordance with its obligations, regulating the working hours, time off, leave, and calculating overtime pay. Furthermore, both permanent or outsourced employees receive religious holiday allowance, position allowance, attendance incentive, pension allowance, health insurance, and annual leave compensation. [401-2]



#### Employees Leaving the Company (people)

Description	2020	2019	2018
Pension	44	28	40
Resigned	1.072	1.804	1.258
Passed away	11	19	7
Employment termination	1.174	927	1.628
<b>Total</b>	<b>2.301</b>	<b>2.778</b>	<b>2.933</b>



### Employee Remuneration

Giving remuneration is a way to appreciate work achievements and ensure employee welfare. Remuneration policies are monitored by the Human Capital Committee by referring to Financial Services Authority Regulation No. 047/

DIRBM/19. The remuneration amount is determined based on work achievements, level of position, performance, and by ensuring no discrimination regarding gender and other backgrounds.

#### Employee Remuneration at the Lowest Level Against the Regional Minimum Wage (UMR)

Description	2020	2019	2018
Remuneration of permanent employees at the lowest level in Jakarta (Rp)	4.500.000	4.440.000	4.140.000
Jakarta Regional Minimum Wage (Rp)	4.490.166	4.138.022	3.830.438
Percentage (%)	100,22	107,3	108,1

### Pension Preparation Period (MPP) [404-2]

Bank Mega has a training program for employees nearing the pension age known as the Pension Preparation Period (MPP). The program has been conducted three times by Bank Mega since 2017 until now. MPP is a form of appreciation for the dedication and loyalty of Bank Mega employees entering the pension period. The MPP held on February 12-16, 2020 in Bandung was MPP batch 3, participated in by 24 employees. MPP is participated in by employees one year prior to the pension period, with the minimum tenure of eight years at Bank Mega.

In general, the training has the goal of knowledge enhancement and self-enrichment in preparing for a better pension period, whether from the physical, mental, or spiritual aspect. The Pension Preparation Period training content is a sharing session that features professional speakers from various fields. The training also features a health checkup session and field trip to try business practice out on the field with bandeng and coffee businessman. This MPP also brought participants on field trips to the Lembang National Agricultural Training Center (BBPP) and Sultana by Dita Cake.





### Maternity Leave [401-3]

Bank Mega gives the right of maternity leave to female employees as formulated in the 2019-2021 Period Company Regulation Article 40. Female employees are entitled to receive a three-month maternity leave and male employees are entitled to receive a two-day paternity leave. Female employees are given the opportunity to return to work in the same position. In 2020, 294 employees took maternity leave and all of the employees returned to work in the same position.

### Healthy, Decent, and Safe Work Environment [103-1] [103-2] [103-3] [403-6]

Throughout the COVID-19 pandemic in 2020, the Bank activated the Business Continuity Management by forming the COVID-19 Control Group. The COVID-19 Control Groups are spread across all Regions and the Central COVID-19 Control Group coordinates the implementation of health protocols in controlling COVID-19 in the office.

Bank Mega has issued various policies as a response to external regulation adjustments and regulating the prevention and control of COVID-19 in the office. The issued policies regulate limiting the number of employees to minimize the spread through contact at the office, through Work from Home and Split Operations conducted at the Head Office, Business Continuity Plan (BCP) Sites, and other determined alternate sites to realize physical distancing, so that changing working hours, and the COVID-19 prevention and control guidelines publication that can be accessed by all employees can be socialized via the internal website.

Bank Mega realizes that employees are vital assets for the sustainable business activities operations of the Bank. Therefore, the Bank ensures employee health by guaranteeing the availability of sanitation and hygiene equipment, such as a handwashing station or hand sanitizer at every Bank Mega Office, as well as the provision of acrylic partitions, face shields, and gloves, which are especially given to vulnerable employees who directly interact with customers. Bank Mega also conducts periodic disinfectant spraying in the entire workspace as a step to mitigate COVID-19. As a corrective step, the Bank also temporarily closed several offices if identified posing risks, creating a cluster of COVID-19 confirmed positive employees. Upon the closing of the Branch Offices, the operations will be diverted to another Branch.

Aside from providing a decent, safe, and comfortable work environment, the Bank consistently distributes masks, vitamins, and supplements to increase the employees' quality of health in the pandemic. Bank Mega is also committed to implementing Testing, Tracing, and Treatment (3T) optimally in the office, through implementing PCR/ Swab Test to employees suspected of being exposed to COVID-19 based on tracing in the office, as well as giving support in the form of healthcare packages to they who are confirmed positive. Bank Mega also implements a COVID-19 screening test for all employees. Until the end of 2020, Bank Mega has distributed Rp5.6 billion to socialize health protocols, healthy lifestyle, and organize swab test for employees, as well as giving vitamin C to all employees valued at Rp2.2 billion.

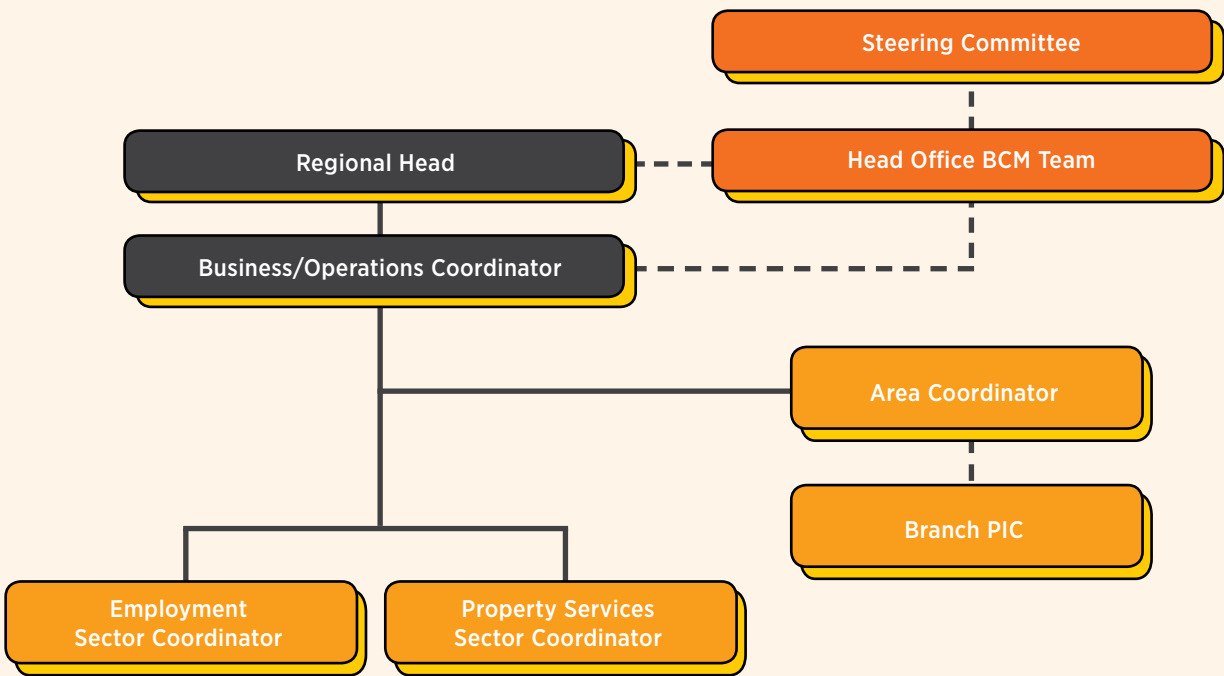
Bank Mega continuously urges all employees to comply with health protocols by strictly implementing 3M, which are washing hands, wearing mask, and maintaining distance. Addressing the increasing trend of positive confirmed cases after a long holiday, the Bank encourages all employees to use their day off by staying home or, if they must travel, they are obligated to have a PCR/Swab Test with a negative result prior to returning to the office in order to break the chain of COVID-19 spread.

Bank Mega has implemented the OHS management system that is integrated with the Bank’s management system and conducted in accordance with prevailing regulatory laws. Furthermore, the Bank performs mitigation of the impacts of business operations activities on employees and business continuity. Bank Mega is committed to implementing policies relevant to OHS that include compensation for work accidents and giving assistance to employees experiencing

misfortune. In 2020, there were no fatal work accidents in the entire network of Bank Mega offices. Moreover, Bank Mega also provides facilities for employees by participating employees and their families in a health insurance appointed by the Company, as well as the mandatory Social Security Agency (BPJS) insurance.

Aside from forming the COVID-19 Control Group, Information Technology support is also one of the pillars of Business Continuity Management in facing the COVID-19 pandemic. The implementation of Work from Home or Split Operations at alternate sites can function due to the availability of vpn and system as well as available applications on BCP sites. The Bank can also ensure infrastructure availability with the existence of Disaster Recovery Center and tested routinely every year.

Organizational Structure of the COVID-19 Control Group







## Employee Training [103-1, 103-2, 103-3, 404-1]

Employee competency is an important factor in banking management and development. Bank Mega plans and pays great attention to the quality improvement of human capital (SDM). Bank Mega gives education and training to all employees, including the Board of Directors and Board of Commissioners. Competency improvement is monitored by the Human Capital & Compliance (CHC) Director.

In 2020, 36 executive officers and 2,411 branch/regional employees have participated in the online Sustainable Finance training, with the total training hours of 5,038 hours and an average of 2 hours/employee. Gradually, the number of Sustainable Finance training participants will be increased for all employees spread across Indonesia via the internally developed e-Learning application. In 2020, Bank Mega has distributed Rp365 million for the Sustainable Finance training and education cost.

### Realization of Sustainable Finance Training in 2020 [FS4]

Training Topic	Number of Participants	Hours of Training	Average of Training Hours/Employee	Position Information of the Participants
Implementation of Sustainable Finance Action	36	216	6	Executive Officers
E-Learning: Sustainable Finance Action Plan	2.411	4.822	2	All functions and positions of branch and regional office employees

Aside from Sustainable Finance training, there were several other training and education programs, including certification and mandatory training in accordance with regulator stipulations, technical and risk control training in accordance with the needs of the relevant work unit, as well







as soft competency-based training to improve employee capabilities, such as leadership skills and communication skills. The total training, excluding the Sustainable Finance activities reached 211,469 hours, with an average of 32.5 hours/employee.

### Employee Performance Assessment

Work assessment is performed periodically on all employees to measure work results and achievements in accordance with established targets. Furthermore, performance assessment also has the objective of giving a

career promotion opportunity or calculating the interest in and the needs of the job. In 2020, performance assessment was conducted through survey and participated in by 623 employees.

### Composition and Percentage of Employees Receiving a Promotion [404-3]

Region	Gender	2020		2019		2018	
		Total	%	Total	%	Total	%
Position Promotion		51	8,19	78	8,88	81	8,29
		51	8,19	69	7,86	76	7,78
	<b>Total</b>	102	16,37	147	16,74	157	16,07
Rank Promotion		52	42,28	97	11,05	152	15,56
		71	57,72	90	10,25	151	15,46
	<b>Total</b>	123	19,74	187	21,30	303	31,01
Rotation/Transfer		249	62,56	314	35,76	319	32,65
		149	37,44	230	26,20	198	20,27
	<b>Total</b>	398	63,88	544	61,96	517	52,92
<b>Total</b>		<b>623</b>	<b>100</b>	<b>878</b>	<b>100</b>	<b>977</b>	<b>100</b>



## Responsibility for the Development of Sustainable Finance Products and/or Services Providing Equal Service

Maintaining quality and providing equal products and services for all customers and partners are the form of Bank Mega's responsibility to external stakeholders.

To improve convenience in transaction and meet customer needs, Bank Mega continues to innovate through digital transformation, such as improving the services of cash management, corporate payroll, MILA chatbot feature, M-Smile application, and digital sales via the mobile application for opening fund accounts and credit cards. In the long-term, the digital transformation will be the new banking business model and simultaneously support the decrease of transport taken by customers, hence reducing pollution and emissions due to the decline of vehicle activities.

Bank Mega also provides the 24-hour service for all customers who require banking activities. Swift and precise services are the main concern formulated in the Service Level Agreement (SLA). The form of appreciation for customers is also part of our services in the Service Day activity.

### Customer Information Protection [103-1, 103-2, 103-3, 418-1]

Bank Mega implements strict regulations to protect the confidentiality and security of customer data, as written in the Circular Letter of PT Bank Mega 159/DIRBM-CPPD/15 Policy. Information protection is the basis for the customers' trust in Bank Mega. Therefore, Bank Mega ensures that customer data can only be accessed by employees with special authority and the authorities with a warrant as regulated in Law No.10/1998/Article 40 (1) on the Bank's obligation to maintain the confidentiality of customer data, including their funds.

### Products and/or Services Innovations and Development

In 2020, Bank Mega participated in collaborating with ICStar, IDStar – ONE Indonesia, and UiPath as well as educational institutions in the ICStar Hackathon competition event with the theme of Robotic Automation Process (RPA) technological concept. Aside from receiving the



**Bank Mega held the '2020 ICStar Hackathon' event as a talent search competition in the information technology platform development sector with the specification of the latest technology, the Robotic Process Automation (RPA).**

opportunity for RPA technology training, all participants also competed in working on the use case RPA projects. The competition for university students was participated in by 66 participants divided into 22 teams, and among them were 30 people or 10 teams trusted to undertake the Bank Mega use case project. In the event, two Bank Mega project teams were successful in achieving the first and second place as well as entitled to appreciation in the form of cash. The objective of the cooperation was to absorb quality employee candidates to support the implementation of digital transformation currently under development.

Additionally, in line with the efforts of Bank Indonesia to create economic growth, accelerate inclusive finance, and advancing MSME, Bank Mega actively participated in the National Quick Response Indonesian Standard (QRIS) Week. The support was given by organizing QRIS socialization with the theme of "One QRIS for All Payments". The event was held at Bank Mega Tower and supported by Bank Indonesia.

QRIS is one of the payment methods using the Merchant Present Mode (MPM) and Customer Present Mode (CPM) as well as the QR code application system, which has been standardized by the Indonesia Payment System Association (ASPI). With QRIS, payment transaction can be performed quickly and practically.



Furthermore, Bank Mega also develops digital innovations to expand the reach of banking services to customers in the corners of Indonesia as a form of financial inclusion activities implementation:

1. **Customer Service Improvement on the Digital Channel**  
To ensure the ease of transaction by using QRIS, Bank Mega launched the Bank Mega Mobile Banking application, the M-Smile. The Mobile Banking was officially launched in April 2020. M-Smile is supported by a number of new features, which can be used to ease various services, such as opening a time deposit account, card blocking, PIN setting, and scheduled transaction setting as well as card delivery tracking. Moreover, users can make foreign currency transaction, bill split transaction, and send a greeting card with a certain amount of fund. Until the end of 2020, 190,362 customers have used mobile banking.
2. **Mega Intelligent Assistant (MILA)**  
MILA was launched in December 2019. MILA is a digital service based on artificial intelligence (AI) technology to improve the service for customers who wish to know about banking products and transaction process via the chatbot feature. MILA can be accessed 7 x 24

hours on the WhatsApp application via the number 082208225000. In 2020, During 2020, there were 78,584 users, 438,222 chat bubbles, and 184,486 questions. Based on these 184,476 questions, consisting of 34% promotions, 32% credit cards, 28% information, and 6% ATMs, savings, branches, credit and others. MILA's presence is very well responded by customers, as evidenced by MILA's average capability in answering questions, which was 87% from all incoming questions each month.

### 3. Internal Process Efficiency and Automation

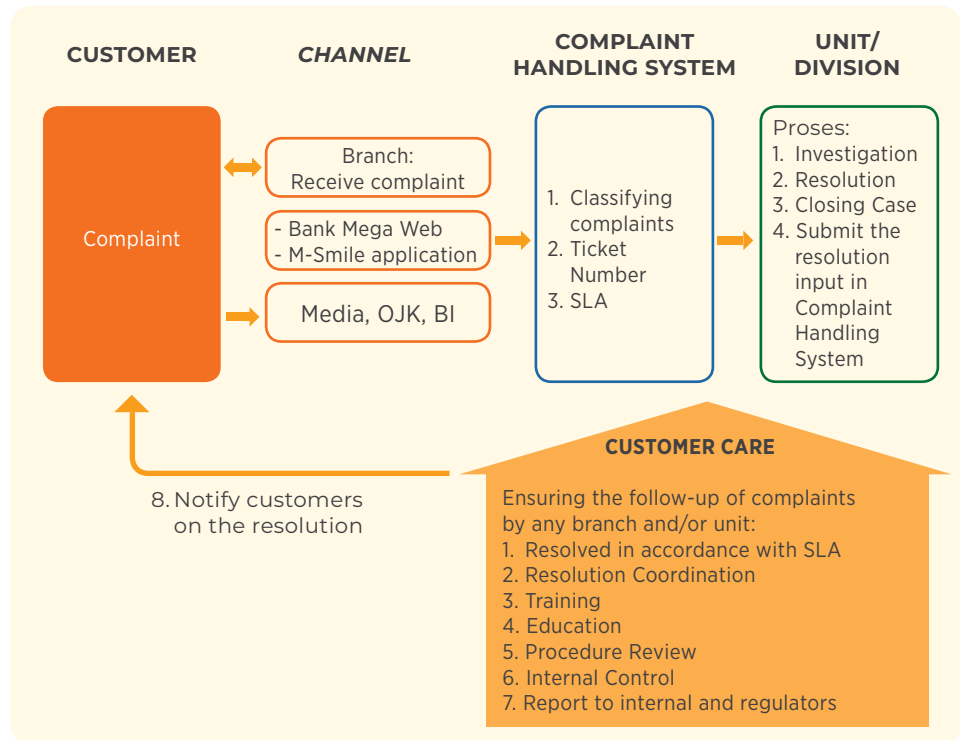
Bank Mega continuously performs various development efforts internally to automate the process to be more efficient by developing the information technology system. One of Bank Mega's efforts is by cooperating with PT IDStar Cipta Teknologi to organize the ICStar Hackathon event. As a result of the event, the 1st and 2nd winners were able to overcome the process automation case at Bank Mega comprehensively, effectively, and efficiently. Furthermore, Bank Mega also supported collaboration between educational institutions and the banking industry to shape excellent manpower in the information technology sector.



## Complaint Handling & Settlement Mechanism

### Customer Reporting and Complaint Mechanism [103-2], [103,3]

Bank Mega provides various service channels through Branch Offices, Mega Call 08041500010, reporting input on the website (online complaint form), social media, and the M-Smile Application complaint form. The filed reports will be followed-up by the Complaint Handling Unit.




### Number of Customer Complaints

Description	2020	2019	2018
Received Complaints	6.870	7.555	9.610
Followed-up complaints	6.870	7.555	9.610
Settled complaints	6.621	7.203	9.173

In 2020, Customer Care recorded 6,870 reports of complaints received relevant to Bank Mega products and/or services. The reports decreased by 9% when compared to 7,555 reports in 2019. The most complaints received were about two types of products and/or services: Credit Card and ATM/Debit Card/ATM.

In the future, Bank Mega will continue to make efforts to reduce the number of complaints and improve the complaint handling service on all channels for the better.



**Call Center** : 08041500010

**Website** : [www.bankmega.com](http://www.bankmega.com)

**Social media** : @BankMegaID (Twitter)  
Bank Mega Indonesia (Facebook)  
@BankMegaID (Instagram)  
BankMegaID (Youtube)

**M-Smile Application** : Complaint Form



### Impacts of Sustainable Finance Products and/or Services

Bank Mega has performed the portfolio mapping of financing which is in line with KKUB as support to the Government in mobilizing national economy which is in accordance with Sustainable Finance Principles. Bank Mega has yet to conduct internal audit pertaining to the negative impacts caused by KKUB financing. In general the negative impacts may occur if debtors do not comply with environmental regulations, which triggers the risk of a penalty or fine.

On the other hand, KKUB financing brings many positive impacts to environmental preservation, efficiency, and the achievement of sustainable development. In the long term, the existence of sustainable finance products or services will create a global economic competitiveness and protect the Earth for future generations.

Until the end of 2020, Bank Mega's sustainable finance implementation activities will continue to be carried out by all employees in the form of knowledge and awareness of environmentally friendly products / activities and services related to sustainable finance.

### Security Evaluation of Products and/or Services [418-1]

In 2020, Bank Mega had yet to perform a customer satisfaction survey relevant to products and services. However, the Company received input from the award events participated in, and continuously conducted the monitoring, evaluation, and improvement of services.

One of the areas receiving attention for continuous improvement is the company's information technology system, particularly the services availability system, reliability system, cyber security, and fraud detection system. To ensure that the Bank's products are secure with as minimum risks as possible, Bank Mega conducts strict monitoring and technology security evaluation of all (100%) products prior to launching. The Bank also consistently gives information and education on the negative impacts on products, such as transaction security and cyber crime prevention.

The product security evaluation process also involves external parties, such as Bank Indonesia and the Financial Services Authority. Moreover, the evaluation procedure must meet Law No. 10 of 1998 on the Amendment to Law No. 7 of 1992 on Banking; and the Financial Services Authority (OJK) Regulation No.1/ POJK.07/2013 on Consumer Protection of the Financial Services Sector. Until the end of 2020, there were no recalled products and/or services after launching, and there were no financial fines or other legal sanctions due to allegations of noncompliance in conveying information on banking products and/or services.





## Social and Environmental Responsibility

The COVID-19 pandemic which took place throughout 2020 had direct impacts on aspects of health, economy, and education. One of the mitigation efforts made by the Government was by issuing the joint ministerial decree (SKB) of four ministers in restricting teaching-learning activities. To address that, Bank Mega through the Mega Berbagi program focused on completing the renovation

or construction of schools that received the commitment. Aside from supporting education, Bank Mega through the Mega Peduli program attempted to mitigate the impacts of COVID-19 on the community. Bank Mega hopes that the existence of the Mega Berbagi and Mega Peduli programs can help giving new benefits and spirit to the surrounding community and Bank Mega employees.

**Mega Berbagi inaugurated 3 Schools that have been renovated and completed the renovations of 72 Schools spread throughout Indonesia.**

### Support to Community Welfare

Bank Mega gives assistance to realize concern for the public through two programs, Mega Berbagi and Mega Peduli. The core values of the two programs are to realize harmonious relations with the surroundings, particularly the community and environment, as well as give added values to all parties. The positive impacts of the social and environmental responsibility (TJSL) activities are the availability of education facilities and assistance to improve the quality of life of the community.

Conversely, the negative impacts that may arise from the assistance given are the increase of consumerist lifestyle, causing the welfare felt to not last long, and a mindset that is dependent on handouts, hence lowering the capability to be independent. To reduce the negative impacts, Bank Mega attempts to give understanding and education so the assistance received can be used for business capital and prudently utilized.

The Mega Berbagi and Mega Peduli program activities engaged local parties, for example local government and communities. The purpose of engagement is for the activities to be better monitored and give optimal benefits. In 2020, the funds disbursed were Rp5.27 billion for Mega Berbagi and Rp31.59 billion for Mega Peduli.

### Mega Berbagi

Mega Berbagi is a social activity conducted together with customers through the 'Mega Berbagi' savings product. The Mega Berbagi savings product has the goal of inviting the public to save and set aside at least 1% of the received interest and another 1% is added by Bank Mega. The fund reserve is used to rebuild inadequate schools spread across Indonesia. To ensure the activity is performed based on the principles of accountability and transparency, Bank Mega formed the Mega Berbagi Committee which consists of several elements, including customer representatives.

In 2020, Bank Mega conducted the inauguration of three schools that have been renovated through the assistance of the Mega Berbagi program. Bank Mega renovated and rebuilt 72 schools spread across Indonesia. From the 72 renovated schools, six were in Papua, specifically in Sorong, Manokwari (2 schools), Merauke, Sentani-Jayapura, and Timika. In the future, Bank Mega will continue to implement the Mega Berbagi program to equalize education across the Nation.



### Mega Berbagi Program

Description	2020	2019	2018
Number of Beneficiaries of Mega Berbagi Activities (people)	398	4.147	6.372
Accumulated Fund (Billion Rp)	118	111	100



**John Giay, Head of the St. Aloysius YPPK Tillemans Hiripau Elementary School Foundation, Timika**



We will well maintain both the school buildings and facilities that have been built through the Mega Berbagi Program to continuously support future students.



**Candra Dewi, Head of the Persada Vocational High School Foundation, Sangatta, East Kalimantan**



Thanks to the assistance of Mega Berbagi, the teaching-learning process can run better, which impacts the improvement of students graduating from the Persada Vocational High School. We hope that the brilliant achievements can bring the graduates to continue their education to a higher level or enter a better professional world





“ Ujang Heri Syamsudin, The Head of Miftahul Bariyyah Vocational High School, Subang, West Java ”



Through the Mega Berbagi program, Bank Mega has assisted the rebuilding of our school, which previously was in a fire, into a school with better conditions which we can use to the maximum in the teaching-learning activities. The existence of the school increases the community's enthusiasm to send their children to school. Once more, we say thank you to Bank Mega that has helped us to provide decent education for the surrounding communities

### Mega Peduli (Mega Cares) – Caring for Our Fellow Man in Facing the COVID-19 Pandemic

The COVID-19 pandemic brought significant impacts on the economic lethargy and the high necessity for healthcare equipment. Perceiving these conditions, the Mega Peduli Program in 2020 was largely targeted to help communities impacted by COVID-19 and help break the chain of COVID-19 spread.

Bank Mega distributed 16,000 staple foods packages valued at Rp1,6 billion to underprivileged communities around the Head Office and 379 Bank Mega Branch Offices spread across Indonesia. The President Director, Kostaman Thayib, accompanied by the Compliance & Human Capital Director, Yuni Lastianto, Regional Heads of Bank Mega in eight cities, as well as foundation representatives and mosque management conducted staple foods assistance handover symbolically via video conference.

CT Corpora and Bank Mega with the support of Astra Internasional and Indofood gave assistance to the healthcare sector. The medical equipment assistance given was in the form of 20 ICU Beds and 75 HCU Beds, 105 Infusion and Syringe Pumps, 128 slices MSCT Scan, EKG and Defibrillator, 1 Digital Mobile X-Ray, Central Monitor, 20 Ventilators,

Oxygen Mobile, 95 Monitor Beds, and other supporting equipment. The assistance was given to two COVID-19 referral hospitals, the Dr. Cipto Mangunkusumo National Central General Hospital in Jakarta and the Airlangga Infectious Tropic Disease Hospital in Surabaya.

Furthermore, Bank Mega helped the Government in increasing the COVID-19 swab test capacity by building the Level-2 Bio Safety Laboratory at the National Brain Center Hospital in Jakarta with the assistance value from Bank Mega of Rp30 billion. Through the assistance, Bank Mega hoped to help the three hospitals give good healthcare facilities to COVID-19 patients and support the countermeasures against the COVID-19 pandemic for swift mitigation.





### Financial Literacy and Inclusion [FS14, FS16]

The significance of public understanding of banking activities is the key foundation for Bank Mega in implementing the financial literacy programs in line with the Government's call. The public is expected to be able to understand prudent financial management through the financial literacy programs routinely held by Bank Mega, which are "Ayo ke Bank" (Let's Go to the Bank) and the Mega Travel Fair organized in Jakarta. In the beginning of 2020, Bank Mega held the Mega Travel Fair Program intended to introduce Bank Mega products to the public with various benefits in the forms of the best features, facilities, and promotion programs.

In 2020, the "Ayo ke Bank" program was organized at 3 schools, which were YPK Muli Merauke Elementary School, St. Antonius Padua Sentani Jayapura Junior High School, and St. Aloysius YPPK Tillemans Timika Elementary School with a total of 300 participants. Bank Mega also actively participated in the online financial inclusion program. The event was called Ngobrol Bareng Mega (Chatting with Mega), broadcasted live on the Bank's social media and viewed by 579 participants from the general public. Additionally, Bank Mega held the MegaFirst Talks Webinar conducted virtually via the video conference application and participated in by approximately 200 people. Moreover, Bank Mega also participated in the Financial Inclusion Month organized together with the Financial Services Authority (OJK) in October.



## » Environmental Performance

### The Company's Commitment to Protecting the Environment

Bank Mega is committed to performing efficiency activities as part of the Bank's strategy in suppressing costs which will eventually increase profit. Furthermore, by implementing efficiency particularly in energy use, then Bank Mega has contributed to carbon emissions reduction as one the goals of sustainable finance implementation.

In the upcoming year, the efficiency program will be increased further with the standardization of the number

of operational vehicles in all Regional Offices, KC, KCP, KK where the sale of approximately 60 operational vehicles asset is planned to be conducted through auction as part of the established operational vehicles standardization program.

In line with Bank Mega's strategy to develop innovations in digital technology-based banking services to support the Bank's operational activities, the process can be easier, faster, and more efficient. The conducted developments have the following impacts on efficiency:



#### E-Learning

Supporting the training and socialization process implemented by the Bank to human capital effectively and efficiently

#### Efficiency Dimension

Cost, human capital, paper



#### Mobile onboarding

Supporting effective and efficient customer onboarding process

#### Efficiency Dimension

Cost, human capital, paper



#### Card Initiation System

Supporting the customer origination process for credit card customers

#### Efficiency Dimension

Human capital, paper





### Carpooling System

Supporting the management process of company vehicles use

#### Efficiency Dimension

Operating cost, human capital



### Tangible Monitoring System

Supporting the management process of goods and assets located in branches for the Bank to effectively plan the procurement of goods and assets

#### Efficiency Dimension

Operating cost, human capital



### QR Payment

Supporting a more efficient payment process

#### Efficiency Dimension

Operating cost



### Web Policy & Procedure Management System

Supporting the paperless document management of policies and procedures and the storage of documents

#### Efficiency Dimension

Human capital, paper



### Content Management

Supporting the paperless document management of customer profile and data

#### Efficiency Dimension

Human capital, paper



### E-Doc

Supporting the paperless provision of various types of reports

#### Efficiency Dimension

Human capital, paper



### Enterprise Data Warehouse

Supporting the paperless provision of various types of reports

#### Efficiency Dimension

Human capital, paper

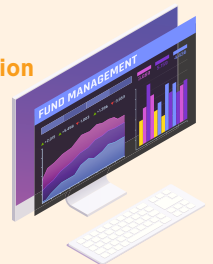


### Robotic Process Automation

Supporting process efficiency to optimize the performance of human capital

#### Efficiency Dimension

Operating cost, human capital



### Chatbot

Supporting a more efficient customer service process

#### Efficiency Dimension

Operating cost, human capital



### Collection System

Supporting the collection process using mobile apps to increase process efficiency

#### Efficiency Dimension

Operating cost, human capital, paper



### Mobile Appraisal

Supporting the appraisal process using mobile apps to increase process efficiency

#### Efficiency Dimension

Operating cost, human capital, paper



Moreover, Bank Mega has implemented another efficiency program included in Responsible Consumption (SDG 12), which is using products and services to meet basic needs and toward a better and sustainable quality of life. The efficiency program is realized through:

- Regulating the efficient use of air conditioning (AC) and lights to decrease electricity consumption at Bank Mega; however, by continuing to observe the comfort level of employees in working.
- Bank Mega established stipulations in the form of Memo of Assignment (No. MD .1638/PRFS/19) on the Notice for Ceasing the Use of Drinking Water Packaged in Glasses and Bottles at Bank Mega. This is the realization of Bank Mega's commitment to not using packaged drinking water.
- The decrease of paper use, not only internally but also for the needs of transactions with customers. This condition was able to be conducted by utilizing banking technology developments. Among which, customers are urged to use the facilities of ATM,

mobile banking, internet banking, and several financial applications developed by Bank Mega. This would reduce transactions at Teller counters, which tend to use documents/papers as underlying transaction.

Support in environmental preservation is not only performed in operational activities, but also in providing financing. Such activities are put into practice by identifying Bank Mega's debtors, whose business impacts are closely related to nature, for instance transportation, palm oil or manufacture companies.

For business activities which mostly involve delivering goods through transportation, Bank Mega recorded there were no incidents of spill. In terms of biodiversity and other protected cultural sites, Bank Mega still identifies debtors, whose business might be close to protected forest or historical legacy.

## Energy Use

Bank Mega is committed to environmental preservation by attempting energy use moderation. This is in accordance with one of the goals of the Bank Mega RKAB, which is increasing the Bank's intermediacy function, which enables the public to conduct economic activities and expected

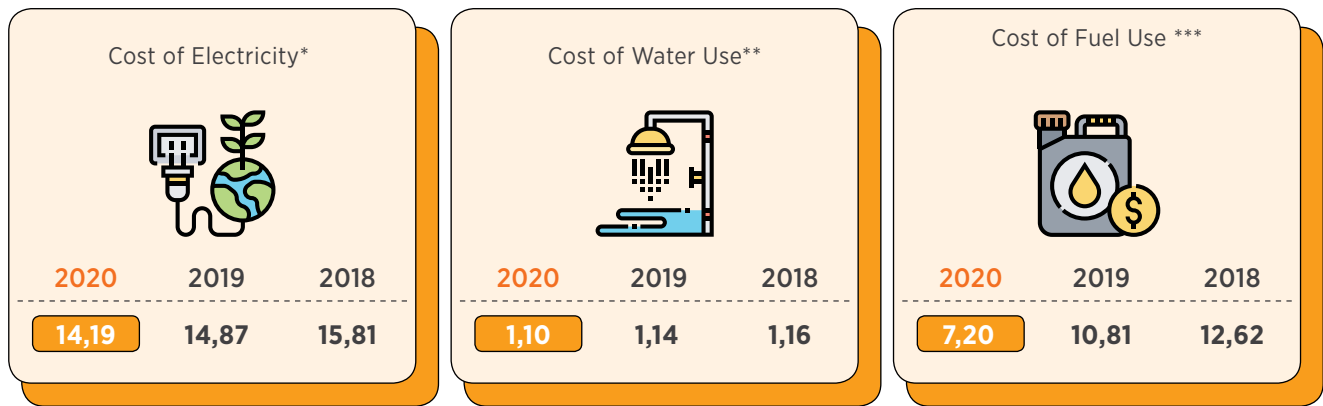
to improve the social welfare of the public by taking the environmental aspect into consideration. The effort was reflected in the energy use data, which underwent the following decrease.

### Electrical Energy Use Intensity [302-3]

Description	2020	2019	2018
Amount of electricity use (kWh)	11.506.120	12.035.920	12.183.280
Amount of energy use (MWh)	11.506	12.036	12.183
Land area (m <sup>2</sup> )	57.595	57.595	57.595
Energy use intensity (kWh/m <sup>2</sup> )	199,77	208,97	211,53
Emission of tCO <sub>2</sub> /year	9.918	10.375	10.502
Emission Factor Value of Interconnection System : JAMALI	0,862 tons of tCO <sub>2</sub> /MWh		



## Cost of Electricity, Water, and Fuel (billion Rp)



Information:

\*Data originated from the Bank Mega Head Office

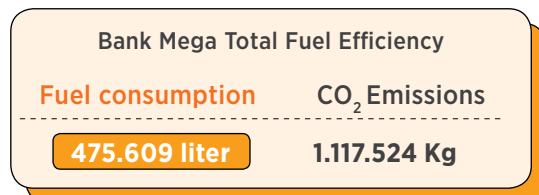
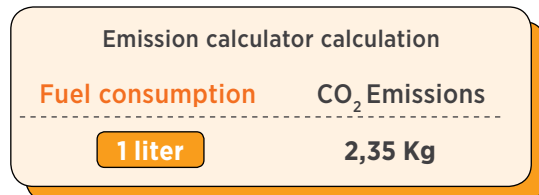
\*\*All Bank Mega Branches (KC, KCP, KK)

\*\*\*Data from the entire Bank Mega National Areas



In 2020, Bank Mega made a change to the mode of transportation used, from the full use of operational service vehicles to a combination with the use of online taxis. The change to the pattern of service vehicles had an impact on the use of Pertalite type fuel of 475,609 liters. Bank Mega has conducted the CO<sub>2</sub> transport emissions calculation using the simulation provided by <https://hijauku.com>. In 2020, Bank Mega has used the service vehicles for a distance of 13.69 Km with the BTU standard of 2,412 and the emissions conversion variable/BTU of 2.35, so the emissions generated were 2.35 Kg CO<sub>2</sub> per liter of fuel.

## Decrease of CO<sub>2</sub> carbon emissions in 2020



## Waste Management

The Bank's operational activities certainly cannot be free from waste, particularly paper waste. Bank Mega has not conducted its own paper and electronic waste independently, but the management is undertaken by a

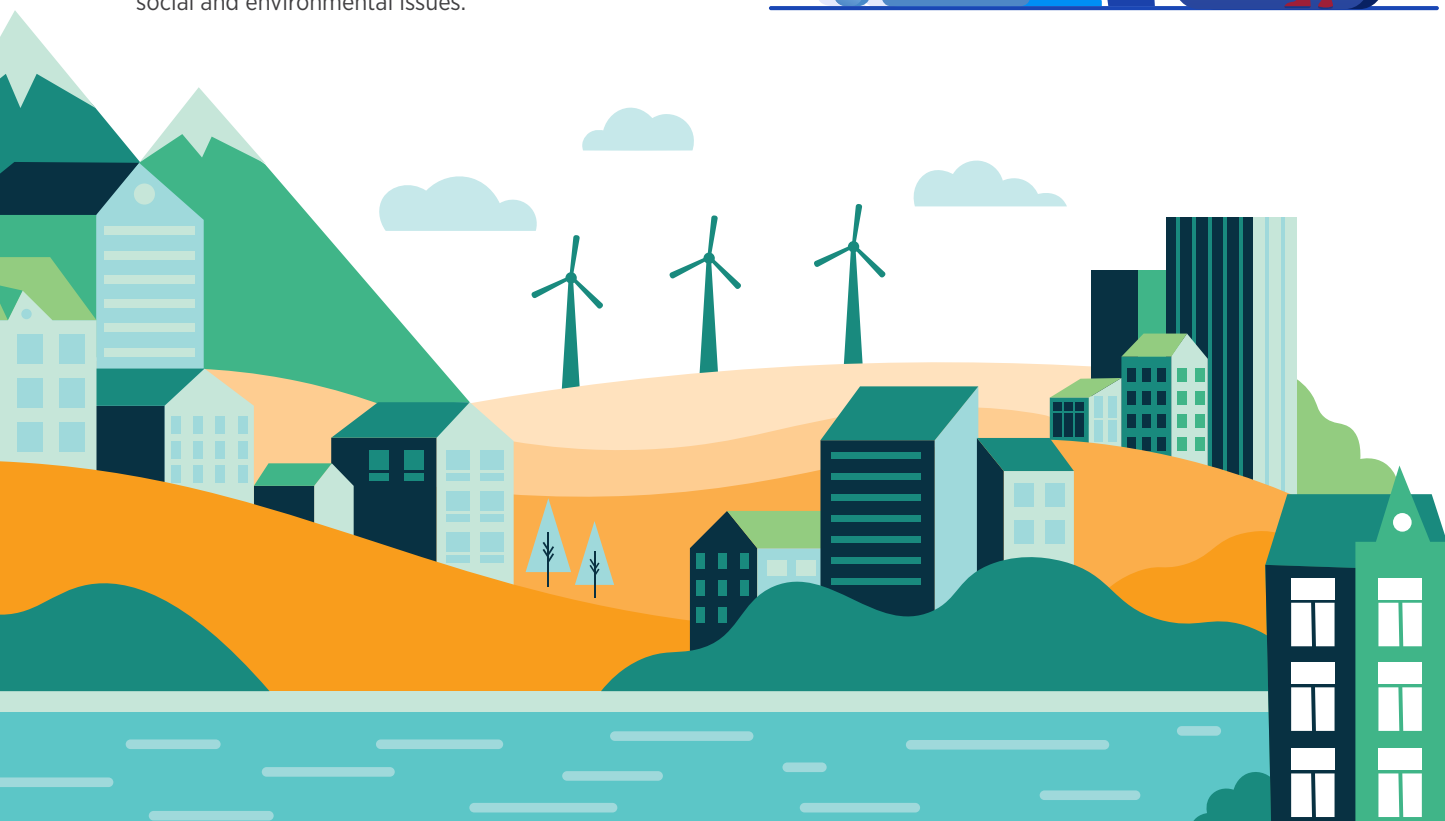
licensed Third Party. Paper waste is distributed to PT Aspex Kumbong for reprocessing. In 2020, the generated paper waste decreased by 41.7% compared to 2019.



Paper Waste Distribution (Tons)			
	2020	2019	2018
	34.139	58.554	19.207

## Handling of Public Complaint

Bank Mega has a complaint mechanism provided to accommodate complaints from customers as well as from the public, including if there are complaints related to environmental and social aspects. The public can submit complaints using Bank Mega services which can be accessed through the Bank's website, Mila Chatting Robot with Whatsapp at 0822-822-5000, social media, M-Smile mobile application, Bank Mega branch offices and MegaCall 08041500010. Until the end of 2020, no there are complaints from customers and the public regarding social and environmental issues.



## » Appendix

Employees Based on Age Group and Gender [102-8] [405-1]

Age Group	Gender	2020		2019		2018	
		Total	%	Total	%	Total	%
20-24	Male	108	1,66	192	3	273	3
	Female	324	4,99	469	6	625	8
	Total	432	6,65	661	9	898	11
25 - 29	Male	621	9,56	763	10	923	11
	Female	1.004	15,45	1.174	16	1.226	15
	Total	1.625	25,01	1.937	26	2.149	26
30 - 34	Male	654	10,06	799	11	976	12
	Female	788	12,13	925	12	1.093	13
	Total	1.442	22,19	1.724	23	2.069	25
35 - 39	Male	772	11,88	876	12	946	11
	Female	613	9,43	613	8	573	7
	Total	1.385	21,31	1.489	20	1.519	18
40 - 44	Male	531	8,17	509	7	482	6
	Female	258	3,97	245	3	244	3
	Total	789	12,14	754	10	726	9
45 - 49	Male	318	4,89	338	5	384	5
	Female	159	2,45	183	2	193	2
	Total	477	7,34	521	7	577	7
50 - 54	Male	193	2,97	184	2	167	2
	Female	113	1,74	93	1	88	1
	Total	306	4,71	277	4	255	3
55 - 59	Male	30	0,46	30	0	21	0
	Female	6	0,09	9	0	6	0
	Total	36	0,55	39	1	27	0
> 60	Male	5	0,08	6	0	6	0
	Female	1	0,02	3	0	3	0
	Total	6	0,09	9	0	9	0
Total		6.498		7.411		8.229	

### Employees Based on Education Level and Gender [102-8] [405-1]

Education Level	Gender	2020		2019		2018	
		Total	%	Total	%	Total	%
Master's Degree and Doctorate	Male	114	1,75	132	2	142	2
	Female	71	1,09	65	1	74	1
	Total	185	2,85	197	3	216	3
Bachelor's Degree	Male	2.369	36,46	2.717	37	3.056	37
	Female	2.562	39,43	2.918	39	3.128	38
	Total	4.931	75,88	5.635	76	6.184	75
Diploma 3	Male	478	7,36	544	7	617	7
	Female	576	8,86	660	9	768	9
	Total	1.054	16,22	1.204	16	1.385	17
Diploma 1 and 2	Male	16	0,25	20	0	24	0
	Female	15	0,23	17	0	16	0
	Total	31	0,48	37	0	40	0
High School	Male	255	3,92	284	4	339	4
	Female	42	0,65	54	1	65	1
	Total	297	4,57	338	5	404	5
Total		6.498		7.411		8.229	

### Employees Based on Education Position and Gender [102-8] [405-1]

Position	Gender	2020		2019		2018	
		Total	%	Total	%	Total	%
Vice President	Male	175	2,69	175	2	174	2
	Female	96	1,48	95	1	101	1
	Total	271	4,17	270	4	275	3
Manager	Male	611	9,40	624	8	625	8
	Female	477	7,34	467	6	453	6
	Total	1.088	16,74	1.091	15	1.078	13
Officer	Male	1.422	21,88	1.580	21	1.731	21
	Female	1.219	18,76	1.348	18	1.412	17
	Total	2.641	40,64	2.928	40	3.143	38
Administration	Male	1.024	15,76	1.318	18	1.648	20
	Female	1.474	22,68	1.804	24	2.085	25
	Total	2.498	38,44	3.122	42	3.733	45
Total		6.498		7.411		8.229	

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Note: Brown-colored indicators are references to POJK and GRI standards

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# Feedback Sheet

The Sustainability Report 2019 of PT Bank Mega Tbk gives a description to the financial and sustainability performance. We kindly ask for your feedback, critics, and suggestions after reading this Sustainability Report by sending us emails or this form via mail.

## Your Profile

Name (on your consent) : .....  
Institution/Corporate : .....  
Email : .....  
Phone/Mobile Number : .....

## CATEGORIES OF STAKEHOLDER

- ☐ Shareholder and Investor
- ☐ Customer
- ☐ Employee
- ☐ Government
- ☐ Media
- ☐ Business Partner
- ☐ Community
- ☐ Others, please mention:

.....

## CHOOSE THE BEST RESPONSE BELOW

- |   | YES                      | NO                       |
|---|--------------------------|--------------------------|
| 1. This report is easy to be understood   | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. This report is useful for you  | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. This report describes the Company's performance<br>in sustainability performance | <input type="checkbox"/> | <input type="checkbox"/> |

## GIVE SCORE TO THE LEVEL OF MATERIAL ASPECT DEEMED SIGNIFICANT FOR YOU FOR THE SUSTAINABILITY OF PT BANK MEGA TBK

(1= least significant up to 5 = most significant)

Occupational Health and Safety	
Economic Performance	
Customer Privacy	
Training and Education	

## THANK YOU FOR YOUR PARTICIPATION, PLEASE SEND THIS FEEDBACK SHEET TO THE ADDRESS BELOW:

Corporate Secretary

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