



# Accelerating Sustainability Performance

Sustainability Report  
2016



# Accelerating Sustainability Performance



**B**NI continues its healthy growth in 2016. In almost every aspect of business, the Company has grown significantly, well higher than the average industry. The accelerated growth is a reflection of the Company's business fundamentals, hard work, and smart initiatives from all employees of BNI, accompanied by a positive synergy with stakeholders.

We also boost our contribution to sustainable development in Indonesia. On the one hand, one of the focuses of the Company is to support government's programs to improve the welfare and prosperity of the nation. It is mainly implemented in the form of financing infrastructure and development projects that are immensely needed by the people of Indonesia. Furthermore, BNI also strongly supports programs to improve social welfare. On the other hand, we continuously improve BNI GO Green Program, as an icon of the environmental management of the company.

Everything we do is to ensure company's Sustainability while at the same time to contribute significantly to sustainable development in Indonesia.

#### **Forward-looking Statements**

This report contains forward-looking statements. These statements are based on various projections and estimations made by management of BNI. The projections come from sources that are common reference used as a reference by the business. The overall or some part of it is not guaranteed to be achievable. The statement lists the predictions and assumptions at the time arranged which considered acceptable.

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BNI's excellent service is our commitment to sincerely serve our customers

# Highlight of 2016 Sustainability Performance

## Financial Performance

Total Asset

**603**

trillion rupiah

Net Profit

**11.34**

trillion rupiah

Profit Growth

**25.1%**

Credit Growth

**20.6%**

Better than average industry 8.5%

Non Performing Loan (NPL) Gross

**3.0%**

Non Performing Loan (NPL) Nett

**0.4%**

Capital Adequacy Ratio (CAR) Total

**19.4%**

Coverage Ratio

**146.0%**

## Environmental Performance

Number of BNI City Forest/Park

**13** unit

Size of BNI City Forest/Park

**771.2** thousands of sq meter

Reduction of Paper

**2,085** tonnes

Number of total trees planted 2011-2016

**8.14** million trees

Total Contribution Disbursed for Tree Planting

**31.06** billion rupiah

Energy efficiency from Earth Hour Program

**42** mega watt hour (mWh)



## Social Performance



Disbursement of KUR  
since 2007-2016

**29.05**  
trillion rupiah

Number of MSMEs &  
Migrant Workers receiving KUR

**275,335**  
debtors

Growth of KUR  
Disbursement 2015-2016

**153.4%**

Disbursement of CSR  
Fund

**62.75**  
billion rupiah

Number of  
Kampoeng BNI

**21**

Employee Engagement Survey Score

**55.22%**

(Much better  
than the average  
industry 40%)

Duration of Training/  
Employee

**61.34** hour

Percentage of Trained  
Employees

**99.76%**

# **Message from the President Commissioner**

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**“We believe BNI is committed to continuously support the implementation of the Sustainable Finance Roadmap (SFR) which has been announced by The Indonesia Financial Services Authority (FSA). Essentially, by implementing the Sustainable Finance (SFR) Program, it also means aligning economic, environmental, and social aspects into the Company’s Vision and Mission. Therefore, supporting the SFR stipulated by the Indonesia FSA means implementing the strategic plan of BNI inherently”.**

**Hartadi A. Sarwono**  
President Commissioner



## Respected shareholders and stakeholders,

In the midst of an economic slowdown that occurred for the last few years, the Board still felt optimistic that BNI would continue to grow healthily, be well-managed, and with sufficient capital able to support the Government in realizing the Sustainable Development. This view is based on our observation on the Company's solid business fundamentals, backed with the right strategic initiatives to support business growth in line with the Corporate Plan 2014-2018.

Dealing with these challenges, BNI should continue to implement the four compass directions consistently (Nature, Economy, Well-Being, and Society) to contribute to the Nation, shareholders, the environment, and society. In the future, the company should be able to quantify the entire contribution to the environment and society. The compass will facilitate the corporate social responsibility activities and at the same time providing more measurable performance. In 2015, BoC had provided three important directives for the management, namely the development of human resources (HR), information technology development, and strengthening of capital.

This year, the company has actualized those referrals. Human resource development has been advancing, resulted in increasing capability of BNI's employees to compete globally. We are proud that in 2016 the number of trained personnel are as many as 28,311 people or 99.76% of total employees, a remarkable ratio. The amount of training budget spending 215 billion rupiah also shows the seriousness of the Company in managing human resources.

In 2016, the Company made a transformation in the Organizational Learning Management Division to be BNI Corporate University. This Corporate University will become a center of excellence for human resource development of the company. In the future, the curriculum will continue to be adjusted in response to the needs of employees of BNI and market demands. The university will become a means of realization of the corporate plan which would be in line with efforts to achieve Sustainable Finance Roadmap. During the soft launching event, a class for employees with a background Small Credit has been launched. This class fits with the national development needs that emphasizing on pro-poor development.

Such competence presented in that class can be utilized for the development of appropriate small credits needed by the community while at the same time supporting the Government in realizing sustainable development. Aside from that, two batches of ESG (Environment, Social, and Governance) training which aimed to develop a sustainability sense of the employees, had been delivered.

The BoC had also considered that BNI is capable of managing information technology to support company's growth and development of new products. Through information technology, BNI's banking products also became more inclusive and were able to reach various targets. Students, farmers, fishers, retailers, and entrepreneurs could easily access BNI's financial products.

The information technology prepared by the company had enabled people in the remote areas to get benefit from banking products. One of the initiatives that had been being developed by the Company is Agen46 which an expansion of the Branchless Banking Service Program for Financial Inclusion (known as LAKU PANDAI) initiated by the Indonesia FSA. This year, BNI has had 30,860 agents called Agen46. The coverage area and the number of Agen46 will continue to grow to encourage the creation of inclusive finance for the benefit of the nation.

Another form of the developments is the launch of the Sustainable Banking BNI Apps. An Android based smart-phone app for understanding the Sustainable Lifestyle and Sustainable Banking. This application is BNI contribution to Sustainable Development and also to support the FSA Sustainable Finance Roadmap.

In terms of capital, the Board believes that management has been able to keep CAR remained high at 19.4% so that BNI has more ability to finance a variety of investments. This year, BNI focuses on infrastructure projects which require significant investment. This infrastructure financing correlates directly with the Government's development program primarily to achieve connectivity and low-cost logistics. We appreciate the efforts of the management to directly contribute to funding for economic activities needed to support Sustainable Development.



The Board of Commissioners appreciates the efforts taken by the Management to align the Company's banking operations and products with the three recommendations from the FSA in realizing the Sustainable Finance, including:

1. Increase in supply of green funding to establish the competitiveness of the financial services industry,
2. Creation of demand for green financial products, and
3. Improved monitoring and coordination of sustainable finance.

To realize the first point of the SFR, BNI from the first step of operation in providing the credit scheme, has been applying environmental and social aspects as part of its investment risk. With this approach, any financing provided by BNI can be classified as a responsible investment. Moreover, the bank has had a green financing scheme such as to finance the renewable energy projects and financing of sustainable palm oil. This year, BNI was also trusted by the UNDP (United Nations Development Program) to manage E-PASS (Enhancing Protected Area System in Sulawesi for Biodiversity Conservation) grant.

On the other hand, the Company has also developed environmentally friendly financial products. Company's e-Banking product transactions were designed to reduce the use of paper so that it could minimize the amount of solid waste. BNI is also working with the Environment Institution, the World Wildlife Fund (WWF), to issue affiliated BNI WWF Credit Cards. Part of the profit from the credit card will be used to pay for the conservation of the environment.

Finally, the Sustainability Report published by BNI aside from describing the challenges of sustainability, management approaches, and the Company's sustainability performance is an implementation of the third point of the SFR of FSA, which is one of the programs is the publication of the Sustainability Report for the Financial Services Industry.

On behalf of the Board of Commissioners, we highly appreciate the trust and support of our shareholders and stakeholders. Highest appreciation also goes to the entire Board of Directors, employees and business partners who participate in and support the BNI to continue to grow and develop, and to realize the Sustainable Finance.

**Hartadi A. Sarwono**  
President Commissioner

# **Message from the President Director**



**“Synergy is the focus of BNI in 2016, within the Company’s organization, with its subsidiaries, or with other State-Owned Enterprises. With this regard, synergy has brought the company to grow rapidly amid the economic slowdown. This year’s assets increased by 18.6%, and net profit rose by 25.1%, followed by an increase in total CAR of 19.4%. In the context of sustainability, BNI has successfully aligned its economic performance with the aspects of social and the environment. In the context of sustainability, BNI managed to harmonize economic performance with the social and environmental performance. Both aspects had improved as well as the economic performance”.**

**Achmad Baiquni**  
President Director

# Respected shareholders and stakeholders,

Our Sustainability Report has been published for seven times. When we first published it in 2010, BNI was the first state-owned bank in Indonesia that publish the GRI-based sustainability report. This initiative is a form of transparency on our efforts in realizing the Company's vision and mission and how we meet the sustainability challenges.

Business people are well aware that in the last two years, there were slowing global economy and domestic economic growth. While on the other hand, social and environmental aspects have become a factor that should be examined as a business risk. BNI takes this as a strong signal that the three aspects of sustainability (economic, social, and environmental) have become a critical part of business operations. As a company that has a sustainability strategy, the bank has to be in a position that is ready to face these challenges.

To face the business challenges, Corporate Plan 2014-2018 has provided strategic direction to continue to build on the foundation of "Financial Sustainable Growth." BNI is expected to become the National Bank which has a global as well as superior capabilities in facing regional competition. Our goal is to be "Domestic Bank with Global Capability." BNI focuses on becoming the bank with Excellent Performance by strengthening the synergies among business units to accelerate better service level.

With its competence in the sector of Business, Consumer & Retail Banking, BNI seeks to make a significant contribution in supporting the growth of the national economy. Through the Business Banking industry, BNI strives to be a "Total Financial Solution" that supports the growth of industry in Indonesia, especially in the industrial sector with a focus on financing infrastructure as the driving industry. In the Consumer & Retail sector, BNI attempt to "To Be A Lifetime Banking Partner" to meet the high demand for public consumption that drives economic growth in Indonesia.

BNI had implemented several strategies in facing the challenges both national and global scale such as:

- Conducting business expansion in markets that are selective for quality growth
- Strengthening synergies between all business lines
- Optimizing outlet as point of sales
- Increasing the current account and saving account (CASA) and fee-based income (FBI) by encouraging customer transactions through the development of electronic transaction
- Strengthening Subsidiary as well as inorganic growth
- Strengthening capital structure.

In 2016, BNI has grown healthily. Some indicators to describe it are:

- Profitability: net profit increased by 25.1% accompanied by low Cost of Funds by 3.1%.
- The growth of loans grew by 20.6%, almost three times the industry average.
- Coverage ratio increased from 140.4% to 146.0%.
- Funding and capital: deposits grew by 17.6%, double the industry average (8.4%). The total number of deposit accounts also grew by 28.7% to 22.4 million. Meanwhile, the Capital Adequacy Ratio (CAR) is maintained high on 19.4%.

In facing the challenges in the years ahead, our strategy is to continue the healthy growth

with growth rates above the industry average, especially for lending, funding, and NPL. Our main targets are: (a) the FBI to grow 18-21%, (b) OPEX grew 14-16%, coverage ratio of 147-149%, (d) NIM to grow of 5.8 to 6.0%, (e) LDR at 90-92%, (f) NPL 2.8-3.0%.

In addition to the internal successes, we still have some challenges that need to be answered. Internally, we must continue to develop environmentally and socially friendly products. One of the efforts we have done was through a digital transformation. To support it, we need to increase, massively, BNI employee awareness on sustainability issues.

To the external, we focus on supporting infrastructure development. For that, we need to promote research on infrastructure projects which also environmentally friendly. It is not easy for us to fund green projects since they have to be feasible both technically and financially, but we are confident that the benefits of maintaining sustainability will lead to stronger relationships between stakeholders in making a synergy.

Comprehensive responsibility in sustainability issue is one of BNI's core strategies, and we have made every effort to invest in segments that support such sustainability. We believe this is the best way to ensure long-term growth of BNI and contribute to the country, the environment, and the company's stakeholders.

**Achmad Baiquni**  
President Director





# 01

## About BNI

**BNI is now listed as the 4th largest national bank in Indonesia, seen from the total assets, loans, and deposits.**  
**In providing integrated financial services, BNI is supported by subsidiaries, they are Bank BNI Syariah, BNI Multifinance, BNI Securities, BNI Life Insurance, and BNI Remittance.**

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# 16 Corporate Profile



PT Bank Negara Indonesia (Persero) Tbk or BNI, was established on July, 5th 1946 and the first bank owned by the Government after the independence of Indonesia. BNI was a pioneer of the use of Oeang Republic of Indonesia or ORI as means of payment issued by the Government of Indonesian which then printed and circulated through Bank Negara Indonesia on October, 30th 1946.

BNI started its history with the function as the central bank as stipulated in Government Regulation in Lieu of Law No. 2/1946. In 1955, when the Government of Indonesian established Bank Indonesia as the Central Bank, BNI started to operate as a commercial bank. In the same year, BNI opened its first branch office in Singapore to serve as direct access to foreign transactions.

Furthermore, the role of BNI as a bank that is mandated to improve the people's economy and participate in national development was confirmed by Law No. 17 of 1968 on Bank Negara Indonesia 1946. In 1992 the legal form was changed into PT BNI (Persero) in line with the provisions of the Banking Act. BNI is the first a state-owned enterprise bank that became a public company after listing its shares on the Jakarta Stock Exchange and Surabaya Stock Exchange in 1996.

Since the divestment program held by the government, BNI had issued new shares in 2007 and 2010. In late December 2014, the government issued new regulations on the stock which contain a limited public offering by expanding the composition of public shares by 40% and government ownership or owner of 60%.

To strengthen its financial structure and competitiveness in the national banking industry, BNI conducted some corporate actions, such as recapitalization by the Government in 1999, divestment of government shares in 2007, and limited public offering in 2010. Currently, 60% BNI shares are owned by the Government of the Republic of Indonesia, while the public holds the remaining 40%, by individuals, and institutions, domestic and foreign.

BNI is now listed as the fourth largest national bank in Indonesia, seen from the total assets, loans, and deposits. In providing financial services in an integrated manner, BNI is supported by some subsidiaries, namely Bank BNI Syariah, BNI Multifinance, BNI Securities, BNI Life Insurance, and BNI Remittance.

BNI offers deposit and loan facilities, both in the corporate segment, medium, and small. Some of the best products and services are adapted to the needs of customers since childhood, adolescence, adulthood, until the retirement.

## Network and Distribution

To expand the network and improve services in providing services to the Indonesian society in performing transaction, in 2016 BNI added 64 subbranches, 78 Cash Office, 23 Payment Point, 15 BNI Mobile Service and 3 Money Changers. Aside to improve business performance, effectiveness, and optimization of outlet management and control of operational risk, BNI also adds two regional offices and enhances the status of 27 Sub-Branch Office to Branch Office.

With the additions, the total outlet of BNI until the end of 2016 comprises as many as 1,990 outlets located in 17 Regional Offices, 196 branch offices, 948 sub-branches, 623 Cash Offices, 110 payment points and 86 BNI Mobile Services scattered in 34 provinces and 452 cities/regencies in Indonesia. These include 82 Weekend Banking outlets to serve customers on Saturdays and Sundays as well as 26 outlets that provide services for BNI Emerald.

As of the end of 2016, 58% of the total outlets were located in Java, and the rest was scattered throughout Indonesia. Sixty-five percent of the BNI outlets were located in the commercial area, especially department stores and shopping while the remaining 35% are in the area of offices and housing. Over the past three years, the BNI network of outlets has grown by 230 outlets or an average of 6.5% per year.

## ATM Network

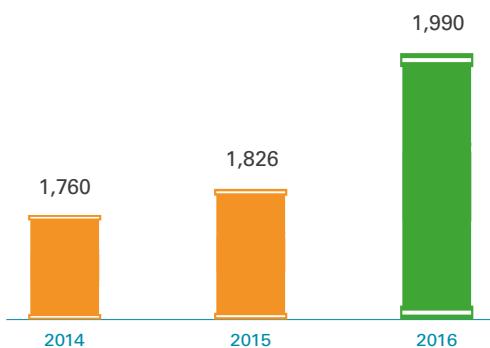
In 2016, BNI has added 985 ATM units consisting of 856 Pull Cash ATMs and 129 Deposit-Pull ATMs bringing the total ATM until the end of 2016 amounted to 17,056 units spreading across 34 provinces and 452 cities/regencies including 6 ATMs abroad which were 4 ATMs in Hong Kong and 2 ATMs in Singapore to serve BNI's customer transactions abroad including Indonesian migrant workers.

With the addition of the ATMs, until December 2016 the total ATM transactions had grown by 13% over the previous period. In the light of improving effectiveness and efficiency as well as synergy with other state-owned enterprise banks, 3,300 units of BNI's ATM have been incorporated in the Red and White ATM in 2016.

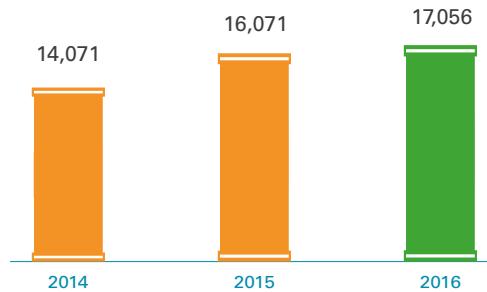
The increase and spread of ATM, are expected to further facilitate the service of banking transactions for both BNI customers as well as non-BNI customers through shared ATM network, ATM Link, Global ATM Master Card International and ATM Prima network.

Within three years, the ATM network has grown with the addition of 2,985 ATMs, or by 10%, which as much as 60% is located in Java and the rest are scattered throughout Indonesia. As of the end of the year 2016, the 65% ATM was located in the commercial area, especially in shopping centers and malls, while the rest is in offices and housing.

**Number of BNI Outlet**



**Number of BNI ATM**



## BNI's multiple touch points for individual

**Mobile Banking**

**Call Center**

**ATM  
(17,056)**

**Outlets  
(1,990)**

**Consumer  
Loan  
Center (12)**



### Individual customer highlights

- **22.4 million deposit accounts**
- **1.7 million credit card**
- **167,497 mortgage customers**

### Corporate/SME customer highlights

- **451,476 corporate deposit accounts**
- **2,826 corporate borrowers accounts**
- **118,837 SME lending accounts**

**Platform for efficient and effective cross-selling of**

and corporate customers



**SKC (24);  
UKC (50)**

**Medium  
Business  
Centers  
(32)**



**BNI's synergy with other state-owned enterprises and national/multinational leading companies for various services such as payment channeling, financing, loan distribution, and some development of network and services**



**products and services**

# 20 BNI At A Glance

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PT Bank Negara Indonesia (Persero) Tbk	
Primary Brands of Products and Services	
<p>Business Segment:</p> <ul style="list-style-type: none"> <li>• Corporate, Medium, and Small Banking Business</li> <li>• Consumer Banking</li> <li>• International &amp; Treasury Banking</li> </ul> <p>BNI conducts banking businesses and activities in accordance with the articles of association as set forth in deed no.35, dated March 17, 2015. The main activities are as follows:</p> <ul style="list-style-type: none"> <li>• Collecting funds from the public in the form of savings, current deposits, time deposits, savings deposits, or other equivalent forms.</li> <li>• Providing credit.</li> <li>• Issuing debt instruments.</li> <li>• Buying, selling, or guaranteeing customer's own risk (such as money orders, promissory notes/other trade papers, State treasury paper, government letters of guarantee, Bank Indonesia certificates, bonds, futures trading time, other securities and instruments).</li> <li>• Transferring money either for its own needs or customer's needs.</li> <li>• Placing, lending or borrowing with other banks, by using mail, telecommunication facilities and notes, checks or other facilities.</li> <li>• Receiving payment from securities billing and performing calculations with or among third parties.</li> <li>• Facilitating a secure place for expensive goods and securities.</li> </ul>	
<p>• Performing escrow activities for another party based on a contract.</p> <p>• Performing funds placements from a customer to other customers in the form of securities that are not listed on a stock exchange.</p> <p>• Providing for funding and/or other activities including activities based on sharia principles, in accordance with Bank Indonesia regulations.</p> <p>• Performing factoring, credit card business and trusteeship.</p> <p>• Performing foreign exchange activities.</p> <p>• Performing equity activities in banks or other companies in the financial sector.</p> <p>• Performing temporary investment activities to overcome the consequences of credit failure, including financing failure based on sharia principles, subject to retracting ownership in accordance with Bank Indonesia regulations.</p> <p>• Acting as founder of Pension Funds and Pension Fund Boards.</p> <p>• Performing financial services, commercial banking, investment banking and more.</p> <p>• Performing other activities not contrary to legislation.</p>	
Address of Headquarters	
Gedung BNI Jl. Jenderal Sudirman Kav. 1 Jakarta 10220 Telepon: (62-21) 251 1946 I-Telex: 765185 BNI DLN IA Faks.: (62-21) 251 1214 E-mail: bni@bni.co.id Website: www.bni.co.id PO Box 1946 Jakarta Mampang 12700	<p>Countries where Operate</p> <ul style="list-style-type: none"> <li>• Indonesia</li> <li>• Singapore</li> <li>• United States of America</li> <li>• Hong Kong</li> <li>• Japan</li> <li>• South Korea</li> <li>• United Kingdom</li> </ul>
Nature of ownership and legal entities	
State-Own Enterprise  Ownership: Republic of Indonesia:60% Public: 40%	<p>Market Served</p> <p>Corporate, Medium, Small General Public National and International Organization/Institution</p>
Scale of Organization (as of 31 December 2016)	
Number of employees:	28,378 people
Managed loans:	393,275 trillion rupiah
Third-party funds:	435,545 trillion rupiah
Capitalization:	Asset: 603,032 trillion rupiah Shareholder's Equity: 89,254 trillion rupiah

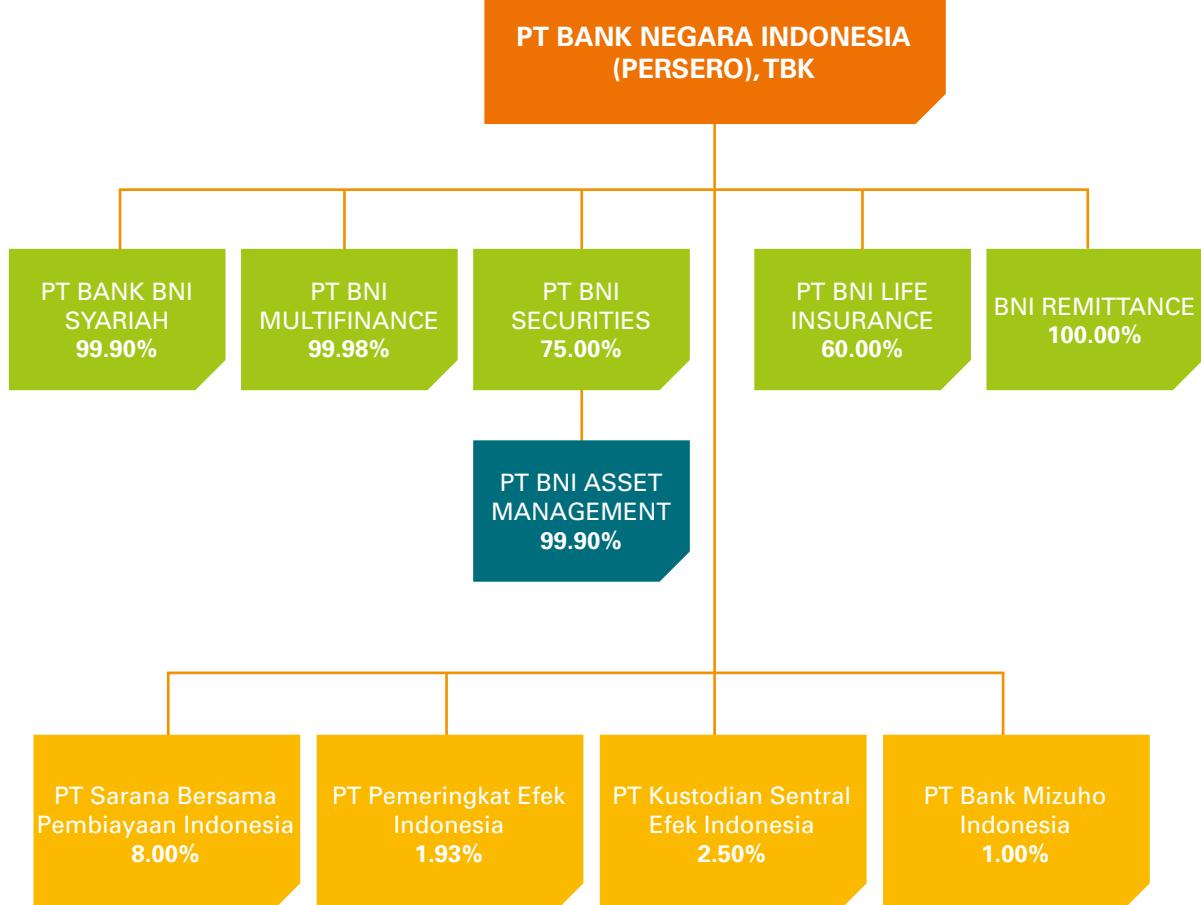
# BNI Milestones

**PT. Bank Negara Indonesia (Persero) Tbk or BNI, established on July 5, 1946, was the first bank owned by the Government after the independence of Indonesia. Indeed, BNI is a pioneer to first use the means of payment of Oeang Republik Indonesia or ORI issued by the Indonesian government. The ORI was officially printed and circulated through Bank Negara Indonesia on October 30, 1946.** [G4-3] [G4-4]

In 1955, BNI changed its operation from the central bank and commercial bank into a commercial bank. In the same year, BNI opened its first branch office in Singapore to serve as direct access to foreign transactions. In 1996, BNI made a history in its inaugural sale of shares to the public through the Jakarta Stock Exchange (JSX) and Surabaya Stock Exchange (BES) where BNI also sells its shares to the public through its Initial Public Offering to 'go-public.'

Since the government divestment program, BNI had issued new shares in 2007 and 2010. At the end of December 2014, the government had issued new regulations on stock containing public offering (rights issue) to expand the composition of the public shares to 40% and state ownership or the owner of 60%.

[G4-7] [G4-13]





**1946**

Under the name "Bank Negara Indonesia", BNI was established as the first solely-owned state bank, entrusted with the issuance and the management of Rupiah bank notes.



**1955**

The status of BNI was changed into a commercial bank.



**1968**

BNI, now renamed "Bank Negara Indonesia 1946" was charged with the primary task of improving the economy of the nation, with emphasis on the industrial sectors.



**1999**

BNI received additional capital from the Government through a recapitalization program. In the same year, the BNI Mutual Processing Unit qualified for ISO 9002 certification, as an acknowledgment of its quality standards.



**2004**

BNI launched new logo and corporate identity in line with efforts to build a strong corporate image to face the competition.



**2007**

BNI issued new shares with preemptive rights through a rights issue listed on the Jakarta and Surabaya Stock Exchanges. This corporate action was conducted together with a government divestment program. Following this program, public ownership of BNI shares peaked at 23.6%.



**2012**

BNI through its London Branch issued Global Bonds with nominal value of USD500 million. The Global Bond issuance is listed at the Singapore Stock Exchange.



**2013**

BNI engaged in a strategic partnership with Sumitomo Life Insurance Company, which purchased PT BNI Life Insurance's newly issued shares amounting to Rp4.2 trillion.



**2014**

For the first time ever, BNI recorded a double-digit net income (Rp10.8 trillion) as one of the results of BNI Reformasi 1.0.



**1989**

BNI launched a new "bahtera berlayar di tengah samudera" or "the sailing ship of the seas" logo, as an expression reflecting a fresh corporate direction.



**1992**

The legal entity of BNI was converted into PT (Persero) in line with contemporary Banking Laws.



**1996**

BNI offered its shares to the public and listed its shares on the Jakarta Stock Exchange and Surabaya Stock Exchange, making BNI the first state-owned bank to be publicly-listed.



**2008**

Under a new management team, BNI strived to create higher value while facing the challenges of the global financial crisis, by strengthening its financial foundation through a 5-point strategy of provisioning coverage, improving asset quality, focusing on profitability, creating a sustainable business model, and maintaining an efficient cost structure.



**2009**

The shareholders approved the spin-off of BNI's Syariah division into a separate independent business entity.



**2010**

- BNI issued new shares through a rights issue, with public ownership increasing to 40%.
- BNI published its first Sustainability Report
- BNI is the first state-owned enterprise that has and implements the sustainability roadmap
- BNI changed its Corporate Mission to strengthen and sharpen BNI's role in managing environment and community.



**2015**

The AGM 2015 set a change of BNI Management and appointed Mr. Achmad Baiquni as President Director of BNI. Regarding the current Indonesia economic conditions, the management undertook proactive conservative steps to strengthen BNI's financial fundamentals.



**2016**

- BNI opened two new Area Offices to provide better service to customers
- BNI transformed the Organizational Learning Division to become BNI Corporate University to accelerate the development of corporate's human resources
- Inauguration of Offices abroad in Seoul, South Korea by Indonesian Vice President Mr. Jusuf Kalla.

## 24 2016 Sustainability Events

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### 9 February

Beach clean-up and tree planting in during the National Press Day (HPN) in 2016 in Lombok, West Nusa Tenggara.



### 14 February

Indonesian Vice President Jusuf Kalla inaugurated the Branch Office in Seoul.



### 24 February

BNI provided Rp700 billion loan for airport development to PT Angkasa Pura II (Persero). This loan is a real support from BNI to finance infrastructure development which is a priority of the Government.



### 26 March

BNI in synergy with PT Jasa Marga (Persero) conducted nature conservation and tree planting of 10,000 trees in the Jakarta-Cikampek toll road.



### 8 April

Seminar on Anti-Money Laundering and Combating the Financing of Terrorism for Directors and Commissioners of BNI and its subsidiaries. This program was in collaboration with the Center for Financial Transaction Reporting and Analysis (PPATK) and attended by the Head of INTRAC Muhammad Yusuf.



### 19 April

Laying the First Stone for construction of BNI Tower which applies the concept of Green Building.



### 6 August

Inauguration of E-Warong KUBE PKH or Warung Gotong Royong Kelompok Usaha Bersama Elektronik Program Keluarga Harapan in Surabaya.



### 11 & 12 August

BNI established two new Regional Office, the Regional Office of Yogyakarta and Malang.



### 15 September

BNI broke the MURI (Indonesian Record Museum) record as the first banks that were able to open a savings account SimPel at the same time, as many as 100,000 students in Makassar.



## 3 March

17<sup>th</sup> Anniversary of the Executive Board of Workers' Union with the theme of "Integrity of the Citizen"



## 10 March

BNI appointed two commissioners and a new director as part of the General Meeting of Shareholders. Wahyu Kuncoro and Joni Swastanto were appointed as commissioner, and Putrama Wahyu Setiawan as Director.



## 19 March

BNI supported the Earth Hour by turning all the lights and electrical appliances that were not needed at the Central Office for an hour. This activity managed to save electricity by 23 mega watt hours (MWh).



## 20 April

For the twelfth time BNI actively participated in the INACRAFT 2016 event. It was bold support of BNI to develop a creative industry of the country.



## 7 May

ATM for the Blind is present in Jayapura. This is the audio-based ATM (Talking ATM or ATM Speech).



## 27 May

Direksi Menyapa Siswa was held at SD Inpres Mangga, Merauke, Papua. Attended by the Director of Treasury & FI Panji Irawan and Merauke Regent Frederikus Gebze.



## 29 November

BNI with the Ministry of Rural Development of Disadvantaged Regions, and Transmigration held a Workshop on Rural Economic Development Workshop back-to-back with Best BUMDes Workshop.



14 Februari



20 April



27 Mei



15 September



11 Agustus

# 26 2016 Awards and Appreciations

## SUMMER AWARDS DINNER 2016

Wednesday, November 21, 2016, Marriott Hotel, Bangkok



**BNI obtained a number of important and prestigious awards throughout 2016. The awards are regarded as a form of appreciation for the success and achievements of the Company. Some of them are:**

1. Best Sustainability Report 2015 Category Financial Services, Sustainability Report Award 2016
2. Second Winner Overall on the Survey Banking Service Excellence Monitor (BSEM)
3. The Best Phone Banking in BSEM and 2nd Winner Category Call Center
4. Gold Medal Winner and Ranked 1 for Best Project Manager, Best Technology Innovation by a Medium Inhouse Center, and Best Use of Social Media in the Contact Center, and 2 Silver Medals and 5 Bronze Medals on APAC 2016, Contact Center World Awards.
5. Most Trusted Company based on Corporate Governance, Good Corporate Governance Award 2016
6. Most Trusted Company based on Investors and Analysis, Assessment Survey, Good Corporate Governance Award 2016
7. Best Cash Management Bank in Indonesia 2016, Alpha South East Asia
8. PNBP Awards 2016 "Bank & Perception Post that Actively Involve in the Implementation of PNBP Online Information System (Simponi)," Ministry of Finance of the Republic of Indonesia

9. Best Financial Institutions in Southeast Asia, Alpha Southeast Asia 2016
10. 1<sup>st</sup> Debt with Acquirer 2016, ATM Bersama Award
11. Best Performance 2016, ATM Bersama Award
12. 1st Winner of Financial Inclusion Competition 2016, Category Financial Services Business, Financial Service Authority
13. Best Mobile Banking Growth 2015 Category Bank Book, M-Banking Telkomsel
14. The Best State-Owned Enterprise 2016, Indonesian Institute for Corporate Directorship.
15. Best Bank in Diversity Indonesia Banking Award 2016.
16. Gold Medal Winner and Ranked #1 for Best Project Manager in the Contact Center in APAC 2016, Contact Center World Awards.
17. 1<sup>st</sup> Best Phone Commercial Bank, 2016 Banking Service Excellence, MRI & Infobank.
18. Top Corporate on Digital Transformation Readiness 2016, Top IT 2016, ITECH
19. Best Reporting Bank Daily Report Commercial Bank (LHBU) Period 2016, Bank Indonesia
20. Top Bank 2016, BNI Tapenas received Top Deposit Account 2016, Business News Indonesia
21. Winner CSR Performance in Each Fundamental Aspect-Human Right, CSR Award 2016
22. Indonesia Green Award 2016, Category Developing Mechanism for Fire Prevention and Control from La Tofi School of CSR



## Initiatives, External Memberships and Certifications of Management Systems

1. Signatory Member United Nations Environment Program Finance Initiative (UNEP FI).
2. Founding Member and Member of Indonesia Business Council for Sustainable Development (IBCSD).
3. Member of Indonesia Global Compact Network (IGCN).
4. ISO 9001:2008 Quality Management System on Trade Processing Center, validity September 30<sup>th</sup>, 2009 – September 28<sup>th</sup>, 2018, from SAI Global Certification Services.
5. ISO 9001:2008, Quality Management System on Card Business Division, validity June 27<sup>th</sup>, 2003 – June 26<sup>th</sup>, 2018, from Lloyd's.
6. ISO 9001:2008, Quality Management System on IT Operation Services, validity September 26<sup>th</sup>, 2016 – September 26<sup>th</sup>, 2019, from SGS.
7. ISO 9001:2008, Quality Management System on IT Security Management, validity September 26<sup>th</sup>, 2016 – September 26<sup>th</sup>, 2019, from SGS.
8. ISO 9001:2015, Preparation and Verification Process on Published Financial Statements, validity October 10<sup>th</sup>, 2016 – October 10<sup>th</sup>, 2019, from SGS United Kingdom Ltd.
9. ISO 9001:2015, BNI Corporate University Quality Management System on In-house Learning and e-Learning/Digital Learning, validity September 21<sup>th</sup>, 2016 – September 20<sup>th</sup>, 2019, from Société Générale de Surveillance (SGS S.A.) Geneva.



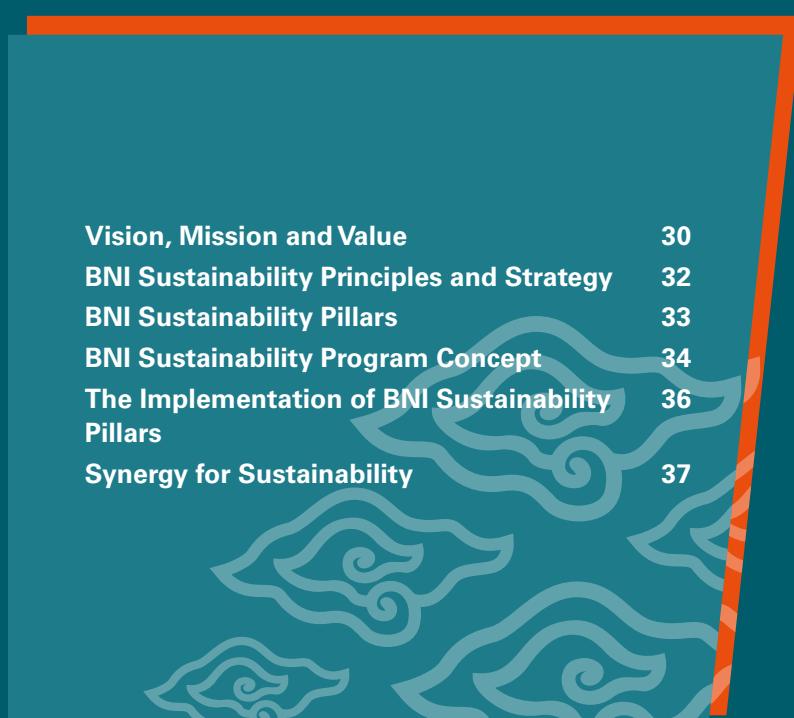
A photograph showing several women working on batik fabrics in a workshop. In the foreground, a woman with short blonde hair is seen from behind, wearing a light-colored patterned shirt. Next to her, another woman is focused on her work, wearing a yellow top. In the background, two other women are visible; one is wearing a green patterned dress and a white headscarf, and the other is partially visible on the right. The walls are covered with various batik fabrics, some featuring intricate floral patterns in blue, red, and gold.

02

## BNI and Sustainability



**Since 2009, the term sustainability has taken shape as an inherent part of our business strategy and operations while contributing to the preservation of the environment and the welfare of the society.**



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## 30 Vision, Mission and Value

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The Vision and Mission of BNI have been established in BNI Corporate Plan 2014-2018 Revision-I and explicitly included the sustainability aspect at the highest level of policy in the Company. The first, second and fifth points of the Company's Mission are the realization of the economic aspect (profit), on the other side, the fourth point reflects the social dimension to both internal and external (people). The fourth point also described the sincerity of BNI to contribute to the environment management (planet) positively.

## Vision

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To be a leading financial institution in service and performance

## Vision Interpretation

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### Excelling in Service

BNI is a financial institution that excels in serving all its customers' financial needs as lifetime financial partners, providing a total financial solution.

### Excelling in Performance

Excelling in Performance BNI is a financial institutions that excels in financial performance, providing value to customers, investors, employees, communities, and industries.

## Mission

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- To provide excellent services and value-added solutions to all customers and partners and as the prime business partner
- To enhance the excellent investment value for our investors
- To provide the most suitable work environment as a place of pride for our employees in performances and achievements
- To increase the corporate's concern and responsibility to the environment and community
- To be the exemplary practices of the compliance and good corporate governance in the industry

## Values

PRINCIPLE 46 is a BNI work culture as well as behavior guidance for all BNI personnel from the Board of Commissioner, Directors, leaders until the floor level employee within the organizational structure, it also includes the employee of BNI partners. The Principle 46 is an acronym of the 4 Core Values and 6 Behaviors of BNI personnel.

The word “principle” is an acronym of the four Core Values and also means “truth is the basis of thinking and acting.”

### PRINCIPLE 46

4 WORK CULTURE OF BNI	6 MAIN BEHAVIOR OF BNI PERSONNEL
Professionalism	<ul style="list-style-type: none"> <li>• Improve the competency and give the best result</li> </ul>
Integrity	<ul style="list-style-type: none"> <li>• Honest, Sincere, Willing</li> <li>• Discipline, Consistent and Responsible</li> </ul>
Customer Oriented	<ul style="list-style-type: none"> <li>• Giving the best service through Strategic Partnership</li> </ul>
Continuous Improvements	<ul style="list-style-type: none"> <li>• Excellence Improvement</li> <li>• Creative and Innovative</li> </ul>

### The explanation of the value of Corporate Culture is as follows:

#### Professionalism

- Having reliable competence and commitment to provide the best results.

#### Integrity

- Committed to always being consistent in our thoughts, words and deeds based on conscience and belief in the principle of intrinsic truth.

#### Customer Oriented

- Always prioritizing the interests of customers based on synergistic mutual respect and relationship.

#### Continuous Improvements

- Always looking for opportunities and solutions to improve the service and performance that exceed customer expectations.

# BNI Sustainability Principles and Strategy



For BNI, sustainability management is a key differentiator compared to other banks, it provides value to stakeholders and makes a competitive advantage. Formally and systematically, BNI has implemented sustainability management since 2009. Today, sustainability has become an inherent part of the company's business strategy.

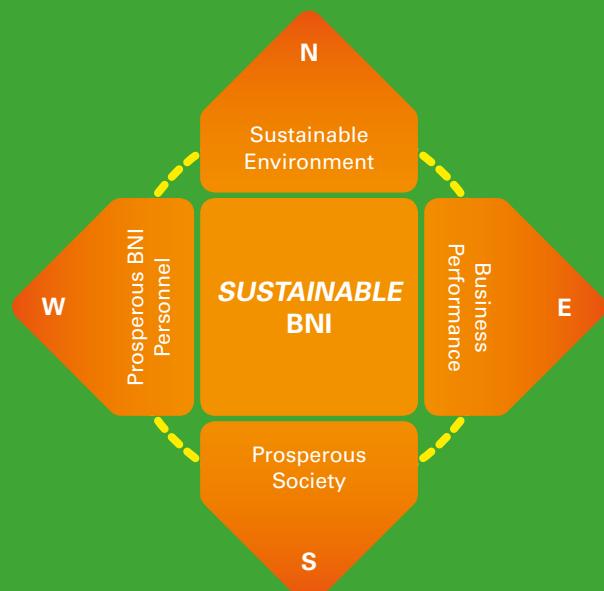
## GROW IN SUSTAINABILITY

BNI should grow in sustainable way. For that, we apply the concept of sustainability compass consistently. There are four main streams that we manage, namely Nature (N), Economy (E), Wellbeing (W), and Society (S).

- 1) Nature: BNI maintains and improves the quality of the environment.
- 2) Economy: BNI improves business performance in a sustainable manner.
- 3) Society: BNI supports programs to improve the welfare of the community and contribute to the real sector through economic development and banking intermediary function.

- 4) Well Being: BNI prospers human beings and internalize the environmental care and social culture.

We believe that a business entity will be sustainable if we are able to manage the four streams in harmony.

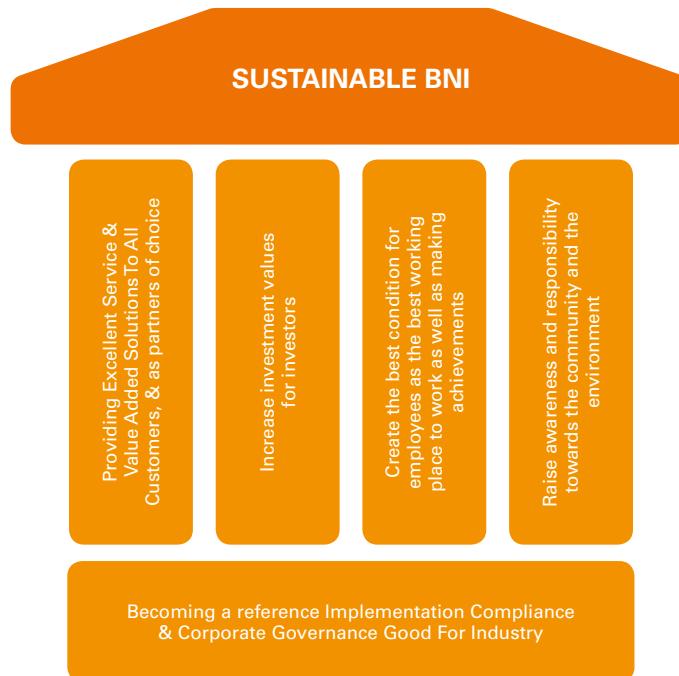


# BNI Sustainability Pillars

33

In principle, the sustainability pillars of BNI have been contained and embedded in the Company's Mission. In the mission, all aspects of sustainability (Nature, Economy, Society, and Well-Being) are engaged

in harmony. As a bank that upholds the principle of prudence, BNI also emphasizes better compliance and governance as the main aspects of sustainability and as a precondition of sustainability.



## 1. Providing excellent service and value-added solutions to all customers and partners as the primary choice.

BNI and its subsidiaries provide value added to its customers as well as trying to grow together with customers through mutually beneficial cooperation. In terms of the provision of financial services, BNI seeks to:

- Provide a complete, integrated, quality, reliable, and dependable product/banking services;
- Provide complete information banking services;
- Provide superior service quality including friendliness, speed, accuracy, convenience and safety;
- Flexibility and maximum speed in taking decisions at the time of the negotiations;
- Be inter responsive and accommodating to the criticisms and suggestions of customers;

- Proactively make adjustments and improvements in accordance with the development needs and demands of customers for the quality of products/services offered by BNI.

## 2. Increasing the value of a superior investment for investors.

As a profit-oriented entity, every action of BNI's is always on careful consideration. The investment value of a company is not seen in the rate of profit in the current period, but also the potential flow of profits that can be earned in subsequent periods to an indefinite (going concern principle).

The mission can also be broken down into things like the following:

- Achievement of profitability with maximum efforts;
- Sustainable growth and accountable;
- Healthy bank;
- Controlling costs (cost effectiveness).

### **3. Creating the best conditions for employees as a place of pride for the work and gaining achievement.**

One of the capital that shall be maintained in the framework of long-term business success is human capital as an addition to financial capital. BNI believes the best human resources can be acquired through the development and opportunity as well as implementing a fair and transparent reward and punishment system. An outline of the policy of human resource development is as follows:

- Provision of equal and wider opportunities to increase knowledge, skills, and assurance over career path;
- Providing rewards and welfare facilities to compete with market standards;
- Provide facilities and safe, comfortable, harmonious working environment thus supporting the goal of improving productivity.

### **4. Increasing awareness and responsibility to the environment and the community.**

BNI as a company when carries out its activities, can not be separated from society and the environment where it operates. BNI can not carry out its activities if the community and the environment do not support the existence of the BNI. Recognizing this fact, BNI has always protectively maintained

harmonious business with the community and the environment. Proactive efforts include:

- Actively serving the banking needs of all levels of society;
- Actively seek and enter new business in accordance with the law;
- Actively provide program that opens opportunity for educating the people;
- Actively socializing with people located in surrounding BNI operations;
- Actively improving the quality of the environment in line with business development.

### **5. Becoming a reference for implementing compliance and good corporate governance for the industry.**

Being the best is not only benefiting the bank itself, but is expected to provide benefit to other actors in the financial services industry. Specific areas that we want to develop at its best are as follow:

- Implementation of an integrated risk management with referred to Basel III;
- Accommodate whistle blower, for the enterprise;
- Senior Leadership actively communicating with the workforce and become a role model;
- Actively updating the rules, regulations, and implement them in disciplined and systematized.

## **BNI Sustainability Program Concept**

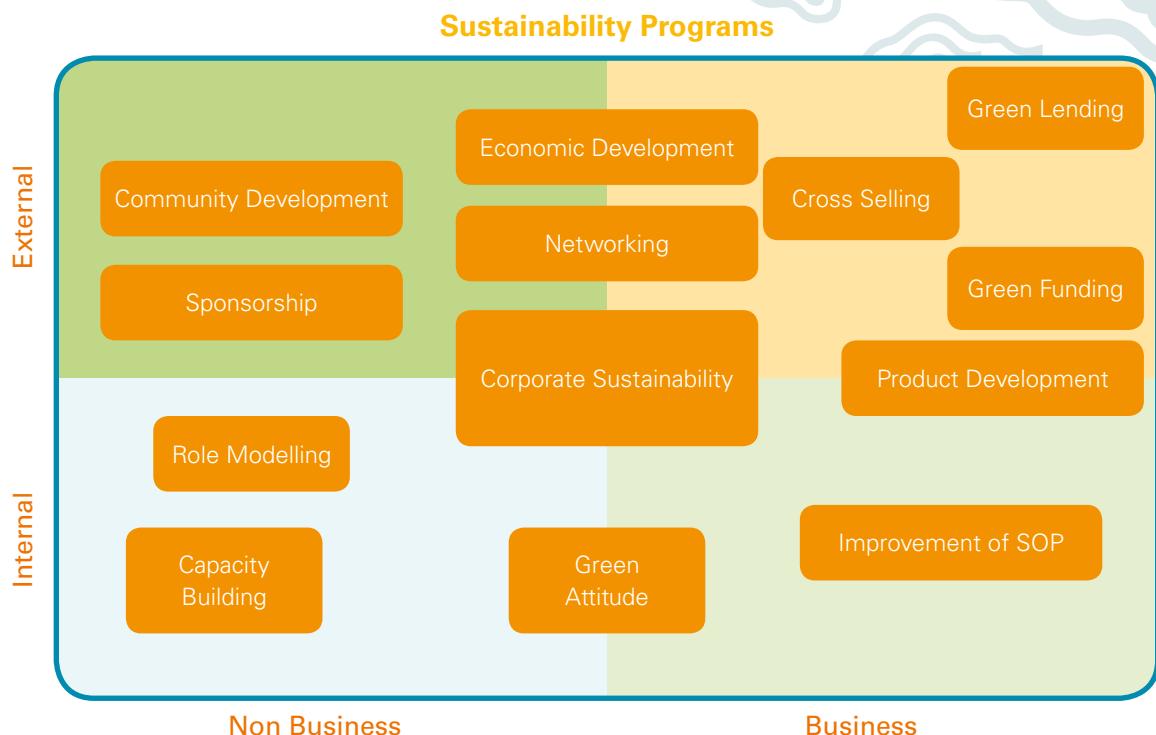
**B**NI has developed a Sustainability Program Concept Matrix. This matrix has four quadrants by two axes, namely businesses - non-business and internal - external. Details of the program for each quadrant are as follows:

### **Non-business Quadrant - external**

Supporting activities that involve community and environmental awareness activities, CSR allocated fund to education, health, religion, infrastructure, environment sectors and natural disasters, as well as assistance and

distribution of soft loans for community development (PKBL = Partnership and Environment Development Program).

Community economic development is done through the concept of engagement and empowerment, so that people not only become the object but involved as the subject of improving their welfare. One product that became a master piece BNI is 'Kampoeng BNI'. Currently there are 21 Kampoeng BNI that function to improve the welfare of the community using local resources.



Initially, the community received funding from Environment Development and Partnership Programs. After having been assisted by a third party then they are expected to up-scale the business where BNI can support them through a commercial loans scheme (KUR, BWI, SME loans, etc).

#### **Non-Business Quadrant - Internal**

Forming a green champion from various divisions at Head Office that in the future it will be extended to all employees of BNI (capacity building), applying environment-friendly employee behavior such as paperless, saving energy and water, waste sorting, bike to work program, green attitude, etc.

#### **Business Quadrant - External**

Supporting environmentally friendly investment through the financing of green projects, such as geothermal, mini-hydro, waste management and sustainable palm oil plantation (Green lending), increase international cooperation through funding two step loan for environmentally friendly projects (green funding), as well as providing banking services to organizations/agencies/NGO/committed to community empowerment (cross selling).

#### **Business quadrant - internal**

Developing innovative products that are environmentally friendly both in terms of funds, loans and services (product development), perfecting the applicable provisions e.g updating BP Credit in order to encourage and educate the debtor to be more concerned about the environment and social (standard operation procedure/SOP).

BNI has developed eco-friendly product and at the same time business friendly, such as:

- Existing product: paperless product (printed by request for ATM), e-banking and i-banking (credit card bills), using the paper back and forth (reused paper), and others
- New product: combo card (debit and credit cards), green mortgages (mortgages for housing that apply the principle of environmentally friendly as not in the flood area, not under SUTET (extra high voltage wires)), have a green open space, have common facilities and social amenities, have a processing waste, using environmentally friendly materials, and others use.

# The Implementation of BNI Sustainability Pillars

BNI implements Sustainability Pillars for both internally and externally. The main idea is that BNI creates value for all stakeholders. We apply the pillars to provide benefits to five subjects/stakeholders that are critical for the company, namely:

1. BNI for Indonesia: It is the support from BNI towards the sustainable development in Indonesia. BNI is committed to actively participate to make Indonesia a sustainable living environment, improving social welfare community and economic empowerment of the community in general and in particular BNI partners.
2. BNI for Customers: The Company is determined to be the preferred partner for its customers. Our concept is a responsible investment. Together with its customers, BNI will establish a mutually beneficial partnership as well responsible for the social, environmental and implement good governance.
3. BNI for Employees: making the Company as a proud workplace and being able to encourage the creation of performance and the emergence of employees' full potential
4. BNI for Community: In accordance to the Company's Mission, BNI performs the role of corporate social responsibility (CSR) which is able to empower people and improve their lives.
5. BNI for the Environment: BNI consistently seeks to raise awareness about the environment both for BNI employees and stakeholders. The main program implemented by the bank is BNI Go Green. We are determined to preserve the environment and create environmental movement to achieve environmental sustainability.



# Synergy for Sustainability

BNI had established strategic partnership and cooperation with various parties, especially those with vision, mission and commitment to sustainability, particularly for improving social welfare and environmental sustainability. Some of partnership and cooperation that had been made, including:

- BNI is the only bank in Indonesia that became a signatory of the United Nations Environment Programme Finance Initiative (UNEP-FI) in 2005.
- BNI and the World Wildlife Fund (WWF) signed turtle conservation cooperation and other mutual cooperations. The signatory event was conducted in Manado during the WOC in May 2009.
- BNI was the only bank to receive training of YPB (Yayasan Pembangunan Sustainable) supported by the British Embassy on the theme "Developing Sustainable Business: Linking Banking Sector to Sustainable Development ".Training conducted in May and June 2009.
- July 2009, BNI signed MoU with Green Works Asia and Climate Change Capital Limited (London, UK) to support the CDM (Clean Development Mechanism) Program.
- September 2009 BNI provided syndicated loans worth US \$ 103 million for geothermal power project in West Java.
- Since October 2009 BNI has become a dialogue partner in WWF initiative of RSPO (Roundtable on Sustainable Palm Oil Discussion).
- BNI several times was invited by Bank Indonesia to explain about the concept of Green Banking, February 2010.
- BNI in collaboration with several experts from NCCC (National Council on Climate Change) and Practitioners of Carbon Trading for CDM training for Analyst Credit, RM, and AVP Trainees were representatives of several Divisions, SKM, SKK and SKC. The training was conducted on February 4-5th, 2010.
- BNI in cooperation with the ECO-ASIA/ICED which is the implementor of the Clean Energy programs funded by USAID.
- BNI in cooperation with the City Government/Regions, NGOs and the local community to build the city forests in various areas including: Banda Aceh, Medan, Solo, Palangkaraya, Yogyakarta and Denpasar.
- BNI in cooperation with NGOs Domestic and International for providing access to electricity for local communities in various regions through Renewable Energy (Pico Hydro and Biogas).
- BNI is one of the six (6) founders of "Indonesian Business Council for Sustainable Development Association" (IBCSD) which is part of the WBCSD (World Business Council for Sustainable Development). IBCSD was founded on April 27th, 2011 and ratified in the deed of association on October 6, 2011.
- Currently, the bank in collaboration with the United Nations Development Programme (UNDP) for the management of project grants E-PASS (Enhancing Protected Area System in Sulawesi for Biodiversity Conservation - Conservation Areas System Improvement in Sulawesi for Biodiversity Conservation) from 2015 to 2020.
- BNI also conducted ESG training (environmental, social, and governance) to employees of both internal BNI as well as employees in units of credit, risk, and supporting operations (basic), and it has been conducted since 2015 (1 time) on September 29-30th, 2015) and in 2016 (2 times) on June 11-12th, 2016 and October 19-20th, 2016.





03

## The Presence of BNI in The Sustainable Development of Indonesia

**BNI established its position to remain as a bank that fully supports efforts to strengthen the economic independence, in line with one of the Government program of Nawacita, that is economic sovereignty. Business operations together with Partnerships and Environment Development Program that had been implemented by BNI is not solely intended to profit but also to help to improve the quality of life of Indonesian people**

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# 40 The Bank's Policy Direction

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In accordance with the Company's vision and mission, BNI seeks to contribute its best to boost economic growth and development in order to achieve the welfare of society. Its contribution is implemented in coordination and collaboration with other institutions, from the state, governments, individuals, communities, financial institutions and other private entities.

Aside from contributing to the nation and the country, BNI tried to be one of the major players in the financial sector, especially banking industry. This work was done through a comprehensive financial services and provide added value to all stakeholders, including customers, investors, employees, the community, and the financial industry.

The company's plans that have been implemented throughout 2016 are:

1. Strengthening business expansion in selected corporate and mid-segment market in selected sectors to maintain the quality.
  - a. Improving corporate business expansion in selected markets in national priority sectors that support the government's program
  - b. Increase the middle segment expansion in priority sectors of the region while maintaining the quality of the portfolio
  - c. Optimizing credit process that focuses on the speed of the process but remain prudent.
  - d. Improving credit quality with a focus on restructuring and recovery customers.
2. Increasing the fee based income (FBI) and the current and savings accounts (CASA) through the strengthening of the transactional banking customers and its value chain.
  - a. Developing a targeted customer transactions including Ministry, institutions, and corporations via integrated cash management, trade finance, and bank guarantees.
  - b. Increase the utilization and wallet-size cash management in the middle segment.
  - c. Optimizing supply chain financing based on the value of customer transactions and its chain.
3. Strengthening consumer banking product positioning:  
Griya BNI, BNI Flexi, and credit cards as well as Taplus.
  - a. Increasing the penetration of featured products in selected customer segments.
4. Implementing digital services to increase sales and customer interaction.
  - a. Improving customer transactions through e-channel development, e-commerce, and electronic payment solutions to the service digital.
  - b. Developing products and services based on information technology to improve customer interaction and sales.
  - c. Expanding infrastructure for e-channel to increase potential market penetration.
  - d. Increase the utilization of e-channel to improve the efficiency and effectiveness of the channel.
5. Increasing cross selling products to targeted segment.
  - a. Optimizing the bundling of bank products and subsidiary to the potential customer.
  - b. Optimizing e-channel in the cross selling of bank's products and services and its subsidiaries
  - c. Developing targeted segment by seeing the development of the business.
6. Optimize the outlet into revenue centers including integrated financial solutions.
  - a. Optimization of customer transactions that provide a total financial solution.
  - b. Developing value chain in the entire line and subsidiaries.
  - c. Improve customer referrals for products subsidiaries in all outlets.
7. Acquisitions/divestitures of financial services companies that have strong synergies.
  - a. Prospective acquisitions of financial institutions to meet customers' financial needs.
  - b. Strengthening subsidiary in improving business expansion through synergies between units.
8. Improving employee engagement and productivity.
  - a. Improving the capability of personnel in support of the implementation of business strategy
  - b. Optimization of the capacity of employees to meet business needs.

# Healthy Growth

BNI has grown healthy throughout 2016. Four main indicators of profitability, loan growth, asset quality, as well as funding and capital have shown significant improvement.

## Profitability

- High net profit growth of 25.1%, supported by Non-Interest Income (NII) and Fee-Based Income (FBI), each of which grew 17.4% and 23.1%.
- In conditions of economic slowdown and tight liquidity, cost of funds is maintained at 3.1% and NIM is maintained at 6.2%.

## Loan growth

- Loan grew by 20.6%, well above the industry average of 8.5%.
- Infrastructure projects and government are the main drivers of growth in the Corporate Segment with growth of 30.4%.
- Small Business Segment experienced an expansion of 8.6 trillion rupiah, while KUR increased by 6.6 trillion rupiah.
- Consumer loans grew by 13.1% driven by payroll loans, which grew by 128.1% YoY.

## Asset Quality

- We have established a Credit Risk Analysis for the loan approval process at the Corporate segment.
- Non-Performing Loan (NPL) total recorded at 3.0% mainly from contributions of TRIO (1.33 trillion) and PANN Maritime (735 billion rupiah). Meanwhile NPL to Medium Business segment improved from 3.9% to 3.4% and the Small Business segment also improved from 4.0% to 3.6%.
- Restructuring of loans soared to 31.4 trillion rupiah (8% of total loans, down from a peak in the second quarter of 2016).
- The cost of credit is reduced from 2.3% to 2.0% (bank only).
- Coverage ratio increased from 140.4% to 146.0%.

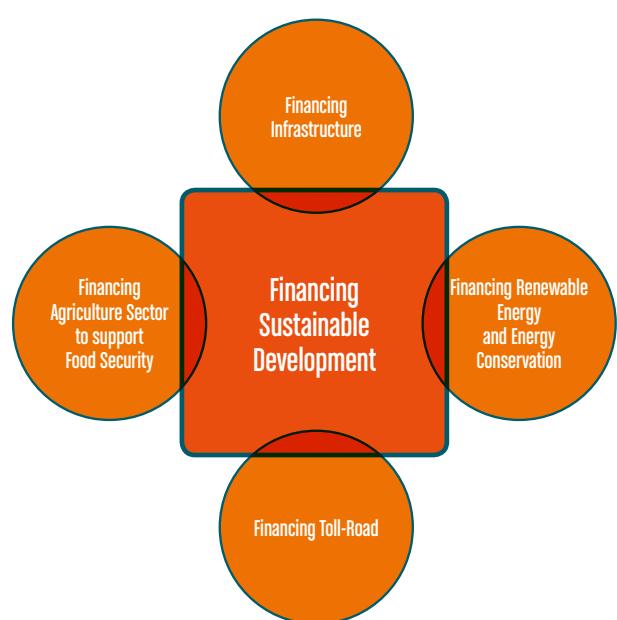
## Funding and Capital

- Third party funds grew 17.6%, two times higher than the industry rate of 8.4%.
- Current Account Savings Account (CASA) realized by 64.6% as a result of the growth amounted to 34.4% Current Account.
- The number of individual savings accounts increased by 28.7% from 17.4 million to 22.4 million.
- Strong capital to support robust growth shown by capital adequacy ratio (CAR) of 19.4% is maintained.

# Financing Sustainable Development

As state-owned enterprise, BNI has its roles and function to actively participate in supporting the welfare and the sustainable development in Indonesia. BNI is determined to carry out that function consistently. It is reflected in the Company's Vision, specifically the fourth mission "To increase awareness and responsibility to the local community and the environment." This task has been broken down into corporate strategy.

One of the company's plans set in the Company's Corporate Plan 2014-2018 is that the Company will increase the business focus to Ministries, State-Owned Enterprises, and Institutional customers. It is done by financing the development in Indonesia, mainly through synergies with government institutions. Given the magnitude of such financing, some of them are conducted through the mechanism of cooperation with the syndicate of other banks.

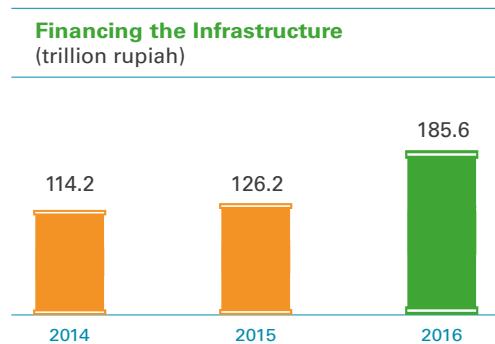


Development sectors that became the main concern for the company in 2016 were:

- Construction, in order to accelerate the development of physical infrastructure, especially transportation infrastructure.
- Agriculture, in order to support national food security.
- Telecommunications, in order to support national connectivity.
- Electricity, gas, and water, in order to support energy security and the improvement of public health, especially sanitation.
- Housing, in order to support the fulfillment of decent housing that is supported by the infrastructure, facilities, and adequate utilities.

### Financing the infrastructure

Adequate infrastructure is a prerequisite of a sustainable development. This capital-intensive as well as labor intensive sectors require huge financial input. BNI is able to capture the needs. For 2016 BNI managed to finance the infrastructure sector amounted to 185.6 trillion rupiah, a significant increase of 47.07% from the previous year.



### Financing Toll Road

BNI supports government programs to improve the accessibility of land transportation through the toll road program. The Company has provided loan financing to ten toll road projects. Most of it was to finance the Trans Java Toll Road (86%) the remaining was to finance the toll road in Sumatra and Bali (14%). Generally, financing was done through syndication with other banks.

The involvement of BNI in financing toll road

**498.43** kilo meter

#### Toll-Road Construction Project Financed by BNI

Toll Roads	Length (km)
Surabaya – Mojokerto	36.27
Kanci – Pejagan	35.00
Semarang – Solo	72.64
Ngawi – Kertosono	87.00
Solo – Mantingan – Ngawi	90.00
Pandaan – Malang	37.62
Pejagan – Pemalang	11.00
Bekasi – Cawang – Kampung Melayu 1	
Bandara Ngurah Rai, Denpasar	9.70
Medan – Kualanamu – Tebing Tinggi	61.70

### Financing Renewable Energy and Energy Conservation

Baruka Village at District Bungin Enrekang-South Sulawesi and the surrounding area become brighter. Since the existence of Mini Hydro Power (MHP) that provide electricity with a capacity of 2 x 1.5 megawatt (MW).

This power plant is built on Bungin Narran River Catchment area of 139.25 km<sup>2</sup> as buffer zones and water suppliers. The MHP that had been built since 2013 is now operated by PT Haji Latunrungr Listrik dan Konstruksi.



BNI funded the power plant amounted to 39.45 billion rupiahs. Currently, MHP Narran-Bungin becomes one of the successful examples of a renewable energy-based power plant in Indonesia financed by the bank. To date, BNI business relationship with MHP debtor is still running very well.

## Financing Agricultural Sector to Support Food Security

BNI fully supports the efforts of the State in realizing the national food security. Within the framework of prudent banking, BNI carefully selects its debtors. In 2016 BNI only provided the loan to widely recognizable companies, while for plantation SOEs, only the profitable ones that to be financed.

Company/Group	Outstanding (billion rupiah)	Collateral Coverage
Perkebunan Nusantara	6,301	122%
Best	3,327	358%
Eagle High Plantation	3,125	157%
Teladan	2,898	108%
Ganda	2,733	170%
Korindo	2,715	105%
Salim	2,204	120%
Sawit Sumbermas Sarana	1,859	119%
Gosco Plantations	1,551	119%
Bariot	1,191	164%
Total	27,904	
Average of Collateral Coverage		154%

## BNI and Tax Amnesty

Tax Amnesty is the nullification of tax that should have been payable, without sanction on tax administration as well as criminal sanctions in the taxation, this done by disclosing one's wealth and pay the amount as stipulated in the Tax Amnesty Act No. 11 of 2016. Since the beginning of the year in 2016, the government has been resounding the Tax Amnesty program in order to accelerate economic growth and restructurisation through the transfer of wealth, encouraging tax reform towards a more equitable tax system, which in the end would increase tax revenue to finance the development.

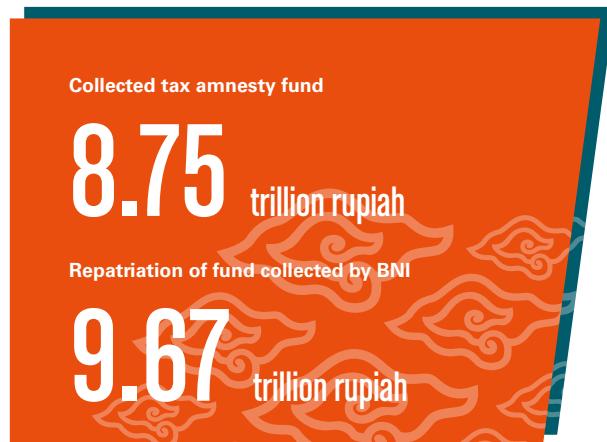
As a commercial bank, BNI was designated by the Minister of Finance to receive payment of state taxes and through this Tax Amnesty Act, BNI also assigned to receive ransom taxes from the taxpayer who participated in the Tax Amnesty Program after the disclosure of wealth (both inside and outside the country) that have not or fully reported in the Annual Income Tax Return for the tax year 2016.



BNI also role in managing the assets of taxpayers who participate the tax amnesty program by accepting the repatriation fund through a particular account and transferred the funds to investment instruments set by the Minister of Finance. In supporting Tax Amnesty program, the bank had set up more than 1,800 branch offices throughout Indonesia and six overseas branches.

#### BNI Actual Tax Amnesty (until 31 December 2016)

Compensation		Repatriation	
Number of Transaction (sheet)	Amount (in billion rupiah)	Number of Transaction (account)	Amount (in billion rupiah)
106,945	8,748	257	9,671



## Social and Environmental Aspect in Credit Process

As banking institutions, credit loan is one of the main business of BNI. In supporting low carbon emissions (eco-friendly) projects/ investments, lending is done by:

- Requiring the document of Environmental Impact Assessment (EIA).
- If the debtor or potential debtor has been assessed through Company's Environmental Performance Rating Program (PROPER) by The Ministry of Environment and Forestry (KLHK) then only Gold rating, Green or Blue can be considered for further processing. While those rated as Red or Black will not be processed further by the BNI. Company with Red and Black rating mean that it has not complied with the requirements of relevant laws and regulations.

- Mining Debtor: requiring to provide post-mining plan for land rehabilitation and conservation
- Palm-Oil Debtor: the corporate segment, in stages, requiring to obtain RSPO (Roundtable on Sustainable Palm Oil) certificate and for the middle segment (commercial), in stages, is required to obtain ISPO (Indonesian Sustainable Palm Oil) certificate

To improve human resources to be able to support Company's sustainability strategy, the bank has undertaken the following:

- Workshop and/or Basic Environmental Analyst Training (TAL) by the FSA (in collaboration with the Ministry of Energy and Mineral Resources, USAID, ICED-II).
- Sustainability bankers programs to disseminate basic of green banking.
- Workshop series related to sustainability in Pilot Project Indonesia First Movers.



### Case Study: Green Financing BNI for PT Krakatau Semen Indonesia

BNI has provided financing amounted to 326.5 billion rupiahs to finance environmentally friendly products of PT Krakatau Semen Indonesia (KSI). KSI processed slag waste into products that can be used by downstream industries.

MSG is a joint venture established by the two State-Owned Enterprises, PT Krakatau Steel (Persero) Tbk and PT Semen Indonesia (Persero) Tbk, on December 20th, 2013. This cooperation is a form of synergy between state-owned enterprises in developing business and improving competitiveness. Ownership is divided into two, each 50%. Controlling shareholder is PT Semen for both KS and SMI, placing SMI as the controlling shareholder because it has the ability and experience in operating Grinding Plant.

KSI business includes trading of Granulated Blast Furnace Slag (GBFS) as well as its derivative products and other cementitious materials, it also manufactures ground GBFS into Ground Granulated Blast Furnace Slag (GGBFS). It processes hazardous and toxic waste into a non-hazardous material which is more environmentally friendly. The production capacity of KSI's Grinding Plant is 750.000 tons GGBFS, where half of that capacity will be absorbed by the Semen Indonesia as materials for cement and the rest sold to the public.

GBFS is a combustion residue in the furnace in the form of steel granules derived from a steel refining process or by-products of the steel mill. The slag powder is used as a substitute for a clinker portion of the raw material in the manufacturing of Portland Composite Cement (PCC) so as to reduce the cost of cement production, particularly in the stage of the clinker manufacturing process. The use of GBFS can reduce coal consumption and emissions of carbon dioxide (CO<sub>2</sub>).

To control emissions, Grinding Plant KSI has been equipped with special dust control tools of baghouse filters and other equipment's to minimize emissions. The Company also conducts regular monitoring to ensure the fulfillment of the applicable standard.

KSI continues to enhance sustainable environmental management models in order to create a green industry. The success of the utilization of hazardous waste into useful materials that can be used for green infrastructure will encourage the creation of sustainable business growth. It will also foster public confidence that the industry is environmentally friendly and able to transform hazardous waste into materials that are needed and useful for national development.

# BNI Innovation for Public Services

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To improve the solutions and services to the community, BNI has made many innovative breakthroughs. One that has been developed is public service innovation that can increase efficiency and effectiveness of the transaction, transparent, and accountable.

## 1. E-Banking & E-Channel

- MPN G2.** State Receipt Module 2nd generation is directly integrated with the Ministry of Treasury, to be able to accommodate tax payment, non-tax revenues, and customs duty. The service is provided through the available channel such as a BNI Branch Office, both conventional branches, and ATMs, as well as through electronic channels such as SMS banking, mobile banking, and internet banking.

BNI also integrates acceptance of public services such as fiduciary, state revenues from the National Land Agency (BPN) and the Immigration Office for a new passport application and renewal.

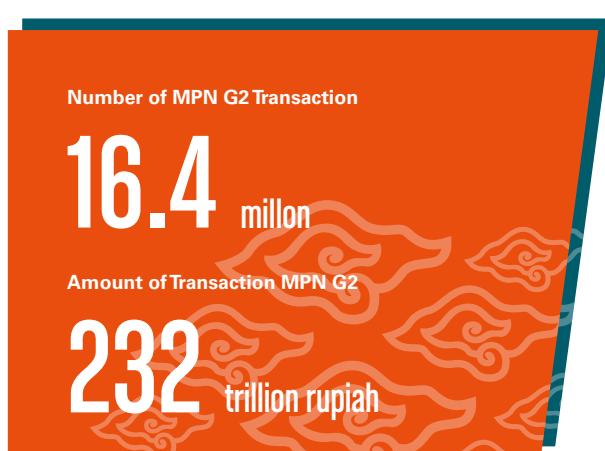
- Subscription and premium payment acceptance of Health Insurance and Worker Insurance (BPJS).** The public services provided is to assist people in subscription and receipt of premium payment using BNI channel, either from all branches and teller, ATM or through SMS

banking and Internet banking. This makes easier for the public to pay the insurance premium, as BNI channel is accessible from anywhere and anytime.

c. **ePajak Regions.** BNI provides a mechanism to support tax payment in various regions where the taxpayer can do a self-assessment to determine the tax liability. The system provides ease in tax payment for taxpayers so that tax revenues can be received optimum through all of BNI channels. Meanwhile, the Regional Government can get the benefit from increases of transparency and accountability in the financial management process.

## 2. E-Billing & E-Statement

- ePBB.** BNI provides ease of payment solutions for Land and Building Tax by using BNI channel, wherein the process, payments made by the public, occurs real-time and immediately accepted by the regional government since the BNI system has been integrated with the local government's Land and Building Tax system.
- eCollection.** An Any to Any General Electronic Collection Solution, designed to assist a company to manage funds collection optimally. The scope of services includes billing management that is flexible, real-time updates, multi-channel transactions, 24-hour service, to the provision of the dashboard.



# Supply Chain Financing (SCF)



BNI is actively engaged Micro, Small and Medium Enterprises (SMEs) business, reform of the bureaucracy, and encourages growth in the sector of infrastructure, food security, industrial, and maritime. This is done through Supply Chain Financing program based on the web, called BNI FSCM (BNI Financial Supply Chain Management) which include financing solutions for Supplier, Distributor financing, and Receivable financing.

With this strategic initiative, BNI could stimulate the growth of transaction banking business in line with the single digits policy direction of Bank Indonesia and improve good corporate governance with transparency in the flow of documents and money. With BNI FSCM, the whole business potential from a Corporate Customer from upstream to downstream business processes, including suppliers and distributors can be included in the supply chain community of BNI.

## BNI FCSM Business Model to support Indonesia's Nawacita Program, such as:

SCF Business Model	Sector	Description
Supplier Financing	Infrastructure	Synergy with contractor companies in construction, telecommunication and cement sector
Supplier Financing	Food Security	Synergy with companies in food, fertilizer and retail sector
Distributor Financing, and Receivable Financing	Industrialization	Synergy with companies in Consumer Goods and Manufacturing
Supplier Financing	Maritime	Synergies with companies engaged in the field of maritime and fisheries
Supplier Financing	Health	Synergies with the provider of public health facilities

Scheme SCF solutions tailored to customers' needs:

- 1) Supplier Financing (SF): in the form takeover of corporate invoice/bill prior to maturity to be paid to the Supplier at an earlier time.
- 2) Distributors Financing (DF): in form of corporate invoice/bill payment at maturity by BNI, and the extension of payment of invoices/bills from the distributor to BNI.
- 3) Receivable Financing (RF): a facility in the form of corporate invoice/bill takes over from Corporate to the Distributor/Buyer to be paid before the due date of the invoice.

## 2016 Target and Achievement

Slip (item)		Income (billion rupiah)		Amount (billion rupiah)	
Target	Realization	Target	Realization	Target	Realization
33,000	42,306	30	99.12	3,000	5,050.34



### BNI FSCM - Login

<https://bnifscm.bni.co.id/login>

Credit expansion in priority sectors such as agriculture, manufacturing, infrastructure, and supporting infrastructure industries has been optimally implemented. Likewise, the expansion of credit in the potential sectors in each region and the customer which is the supply/value chain of the corporate customer. For the small sector credit, the bank has managed to exceed the requirement in the regulations that requires a minimum portfolio of lending to micro, small and medium enterprises. Credit portfolio that grew above the industry average was done with the precautionary principle so that the Non-Performing Loan (NPL) did not proportionally increased and still produces a relatively high yield.

The increase in non-interest income and the low-cost fund had been done according to the plan amid competition in the financial sector and the placement of public funds from non-bank institutions or even in the presence fintech. Business competition in the field of financial services digitization had been anticipated by

improving existing information technology systems so that the system is ready to be developed following the needs of customers in accordance with that set forth in the Information Technology Strategic Plan (ITSP). The result of the implementation of the strategic plan in this area was the increase in the number of transactions and improved quality of service.

The implementation of government and regulator programs of government were well implemented, including the supports for literacy program and financial inclusion of 'Laku Pandai' and Digital Financial Services as well as SiMolek car program aside from financial education directly to the Indonesian Workers in both Hong Kong and in the area of origin, socialization Tax Amnesty in various locations, social assistance programs (bansos), e-shop KUBE, cooperation with BUMDES (village-owned enterprises), Fishers Net program (Reach, Synergy and Guidelines), the issuance of Kartu Lentera and Kartu Masyarakat Sejahtera (Social Welfare Card) as well as distribution in KUR program.

**Target & Financial Achievement in 2016**

No	Indicator	Target	Performance
1.	ROA	2.5% - 2.7%	2.7%
2.	ROE	14.0% - 16.0%	15.5%
3.	Loan Growth	16.0% - 18.0%	20.6%
4.	Coverage Ratio	145.0% - 148.0%	146.0%
5.	NPL Gross	2.8% - 3.0%	3.0%
6.	LDR	90.0% - 92.0%	90.4%
7.	Third Party Growth	15.0% - 18.0%	17.6%
8.	CIR	43.5% - 44.5%	44.0%

<b>Economic Performance [G4-EC1]</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<b>Amount (billion rupiah)</b>	<b>Amount (billion rupiah)</b>	<b>Amount (billion rupiah)</b>
Economic value generated			
Net income	59.3	49.1	44.1
Economic value distributed			
Operational Cost	36.3	30.3	24.0
Employee Cost	8.8	7.4	6.8
Dividend	2.3	2.7	2.7
Payment to Government (tax, retribution, etc.)	2.9	2.3	2.7
Social Investment (CSR)	0.1	0.1	0.1
Retained Earnings (=Economic value generated - Economic value distributed)	9.0	6.3	7.9

<b>Portfolio [FS7]</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<b>Amount (billion rupiah)</b>	<b>Percentage</b>	<b>Amount (billion rupiah)</b>
Business Banking			
Corporate	95,753	24.3%	80,238
State-Owned Enterprises	78,319	19.9%	57,671
Middle	61,330	15.6%	51,147
Small	50,684	12.9%	42,076
<b>SUBTOTAL</b>	<b>286,086</b>		<b>231,132</b>
Consumer			
Mortgage	36,396	9.3%	34,664
Credit Card	10,527	2.7%	9,789
Payroll	8,949	2.3%	3,923
Others	9,197	2.3%	9,164
<b>SUBTOTAL</b>	<b>65,069</b>		<b>57,540</b>
Abroad	21,237	5.4%	19,538
Subsidiaries	20,882	5.3%	17,896
<b>TOTAL</b>	<b>393,274</b>		<b>326,106</b>
			<b>277,622</b>

### Portfolio of Financing Development [FS7]

<b>Economic Sector</b>	<b>Realization of Funding</b>					
	<b>2016</b>		<b>2015</b>		<b>2014</b>	
	<b>Amount (billion rupiah)</b>	<b>Percentage</b>	<b>Amount (billion rupiah)</b>	<b>Percentage</b>	<b>Amount (billion rupiah)</b>	<b>Percentage</b>
Toll road and Construction	10,150	15.0%	7,426	12.4%	10,103	19.9%
Electricity	24,167	35.7%	18,439	30.9%	9,975	19.7%
Transportation	14,060	20.7%	11,545	19.3%	8,821	17.4%
Telecommunication	8,914	13.2%	10,619	17.8%	7,667	15.1%
Oil and Gas	10,471	15.5%	11,702	19.6%	14,114	27.8%
<b>Total Government Project</b>	<b>67,761</b>	<b>100.0%</b>	<b>59,731</b>	<b>100.0%</b>	<b>50,680</b>	<b>100.0%</b>

The above data is limited to cash loan

## 50 Indirect Impacts of the Bank



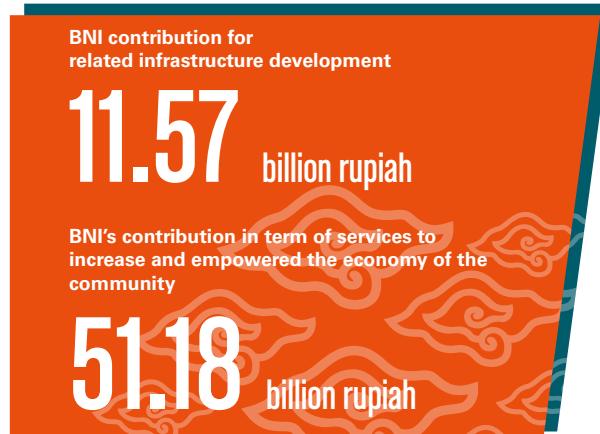
BNI has built various infrastructures in various areas in the country. These activities were organized within the framework of the Partnership and Environment Development Program.

Various types of infrastructure that have been built were:

- Clean water infrastructure,
- Infrastructure for education,
- Street,
- Bridges,
- Irrigation,
- Temporary Landfills,
- Housing.

In addition to the infrastructure, the Company has also contributed in the form of services to develop self-reliance and community empowerment. The focus of BNI is to establish entrepreneurs who are able to develop their own business in a sustainable manner.

Infrastructure development has eased communities to increase the accessibility of transportation to encourage the acceleration of economic development. Other benefits include increasing access to education and health services, which in turn would create social welfare. Meanwhile, the services contributed by the Company have delivered many independent entrepreneurs in various sectors. There are many small and medium business are growing from this activities.



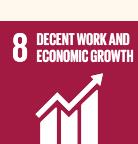
# BNI and International Sustainability Initiatives

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BNI is one of the bank in Indonesia which excels in participating in several international sustainability initiatives, such as:

- UNEP FI: BNI is the first bank in Indonesia that actively involved in the United Nations Environment Program Financial Initiatives (UNEP FI), as signatory member
- UNEPUnited Nations Global Compact (UNGC): BNI is a member of Indonesia Global Compact Network (IGCN)

- UNEPWorld Business Council for Sustainable Development (WBCSD): BNI is the founding member of Indonesia Business Council for Sustainable Development (IBCS)
- UNEPUnited Nations Sustainable Development Goals (UN SDGs): BNI is actively involved in achieving the Sustainable Development Goals through implementing several existing programs.

Sustainable Development Goals	What BNI has done in 2016
 1 NO POVERTY	End poverty in all its forms everywhere BNI disbursed the CSR Fund for poverty alleviation amounted to 14.97 billion rupiah.
 6 CLEAN WATER AND SANITATION	Ensure availability and sustainable management of water and sanitation for all BNI had disbursed the CSR Fund for improvement of health amounted to 2.59 billion rupiah. While disbursement of fund for supporting public infrastructures and facilities amounted to 11.57 billion rupiah.
 7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all BNI supported the financing of investment of renewable energy of geothermal power plant 1x55 mega watt (MW), financing the gas power plant 35 MW, and micro hydro power plant 2x5 MW.
 8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all Through Employee Value Proposition BNI, that is to create the best workplace to contribute, learn and grow, to be the pride of the country, the Company had developed and created the inclusive and productive working environment. BNI also uphold the freedom of expression of its employees through labor unions, and to prioritize the occupational health and safety. In 2016, there were no occurrence of significant occupational accident.
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns Internally BNI had saved the paper amounted to 2,085 tonnes in 2016. Work with external parties, BNI had develop the waste recycle concept as to produce creative products, that in 2016 amounted to 1,125 kg. BNI also develop Trash Bank in several locations in Indonesia.
 13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts For the past six months, BNI had planted 8.14 million trees that contributed to the absorption of carbon in the atmosphere. Through participating on Earth Hour Program, in 2016 the Company saved 42 mWh of electricity that could reduce the greenhouse gas emissions.

## 52 Green Financing Portfolio

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Since 2007 BNI has been active in the financing environmentally friendly sector (corporate credit for geothermal power plants, mini-hydro, biogas). It also includes fund disbursement Partnership and Environment Development Programs in the area of environment conservation such as tree planting, urban forest, the utilization of new and renewable energy (hydro, biogas, biomass) and eco-tourism village development.

The portfolio of green financing for the corporate segment per September 2016 amounted to 21.57 trillion rupiah or 10.68% of total corporate loans and 6,39% of the total loan portfolio (excluding consumer).

Portfolio	Maximum Credit (billion rupiah)
Corporate Green Financing	21.57
Corporate Credit	280.07
BNI Total Credit (excl. Consumer)	328.21

Ratio	Percentage
Corporate Green Financing/Corporate	10.68%
Corporate Green Financing/Total Credit	6.39%

### Green Financing BNI

Company	Maximum Credit	Currency	Type of Business	Location	Note
PT Geo Dipa Energi	103 million	USD	Geothermal Power Plant (renewable energy)	Patuh, West Java	1 x 55 MW
PT Muba Daya Pratama	466.2 billion	IDR	Gas Powerplant (clean energy)	Musi Banyuasin, South Sumatra	35 MW
PT Angkasa Pura II	700 billion	IDR	Airport Management (Terminal 3 Soekarno Hatta - Green Building)	Tangerang	
PTPN III	2,050 billion	IDR	Sustainable palm oil		RSPO
PTPN V	800 billion	IDR	Sustainable palm oil		RSPO
PTPN IV	800 billion	IDR	Sustainable palm oil		RSPO
PTPN VII	2,127 billion	IDR	Sustainable palm oil		RSPO
PT Krakatau Semen Indonesia	326.5 billion	IDR	Treatment of Slag		
PT Musim Mas	112.19 million	USD	Biodiesel (Renewable Energy)	Batam	RSPO Certified
PT Musim Mas	24.19 million	USD	Palm Oil (Sustainable Agribusiness)	Riau and Sumut	

### Financing Sustainable Palm Oil Industry

BNI's loan disbursement to finance oil palm plantations and its derivative businesses in the Corporate segment reached 7.83% of the total portfolio of corporate segment.

BNI also encourages palm oil debtor to implement the environmentally friendly management practices in oil palm plantations through the RSPO (Roundtable on Sustainable Palm Oil) and the ISPO (Indonesian Sustainable Palm Oil). Up to September 2016, there were 11 (eleven) large debtors of BNI have gotten RSPO certification/ISPO and twelve (12) in the certification process.

Certification Status	Number of Company	Maximum loan disbursed (million rupiah)
ISPO Certified	1	1,701,330
ISPO On-going process of certification	7	5,138,685
RSPO Certified	10	2,186,689
RSPO On-going process of certification	5	4,392,455
Total	23	13,419,159

### Financing Power Plant (Hydro Power Plant, Micro-Hydro Power Plant, Gas Power Plant)

Debtor	Business Group	Max Credit (BNI only) billion Rupiah	Type of project	Location	Notes
PT Poso Energy	Kalla Group	ek. 929.31	Poso II Hydro Power Plant (3x65MW)	Poso, South Sulawesi	Syndication with BRI, Bukopin, Panin Bank, operated since 2012
PT Malea Energy	Kalla Group	ek. 1,383.26	Malea Hydro Power Plant (2x45MW)	Tana Toraja, South Sulawesi	Syndicated with BRI. The power plant is still under development while the mini-hydro has already on commercial operation since 2014
			Capacity 4 x 3,6 MW	Tana Toraja, South Sulawesi	
PT Banyu Daya Perkasa	Salim Group	236.68	Tanjung Tirta Mini-Hydro Power Plant (2x4MW)	Lebak, Banten	On-going development, only BNI
PT Maji Biru Pusaka	Salim Group	169.31	Lebak Tundun Mini Hydro Power Plant (2x4MW)	Banjarnegara, Central Java	On-going development, only BNI
PT Kartanegara Energi Perkasa	Toba Group	1,143.38	Gas Power Plant - PLTG Senipah Capacity 2 x 41 MW	Kutai Kartanegara, East Kalimantan	Syndicated with BRI, project has commercially operated
PT Jaya Dinamika Geohidroenergi	Samuel Group	350	PLTMH Cianten, 4 PLTMH with total capacity of 19 MW (renewable energy)	Cianten, West Java	Bilateral loans of BNI, the four Micro-Hydro Power Plant are in operation in 2015-2016

Going forward, BNI will increase financing for the development of electricity infrastructure mainly based green energy, as one of BNI's commitment as a green banking for the increased use of new and renewable energy to support government programs, Kebijakan Energi Nasional (the National Energy Policy), to target the energy mix that is optimal in 2025 in which the role of new and renewable energy is at least 23%, oil is less than 25%, at least 30% coal and natural gas at least 22%

### Managing E-PASS Grants:

The United Nations Development Programme (UNDP) as one of the organ of the UN (United Nations) for development activities, especially in developing countries, offered the management of grant to support the implementation of the E-PASS Project (Enhancing Protected Area System in Sulawesi for Biodiversity Conservation), which is a cooperation project between UNDP - KLHK (Ministry of Environment and Forestry).

Phase-I of the Grants for 2015 was US\$ 680,000 of the total Project E-PASS for 5 years (2015-2020) of the total amount of US\$ 6,000,000. The allocation of funds placement in Phase-I began in December 2015. The project site was conservation area in Sulawesi, the National Park (TN) Lore Lindu, TN Bogani Nani, and the conservation area of Tangkoko Besar.

### Affiliated Environmental Credit Cards

Another concrete support given by BNI is the issuance of Affinity Credit Card BNI-WWF. Since its launch in November 2011 until the end of February 2016, the number of BNI-WWF Affinity Credit Card issued have reached more than 11 thousand cards.

Every transaction made by the owners of BNI-WWF Affinity Credit Card will contribute directly to environment conservation, the value of the transaction will be donated to implement some of World Wildlife Fund for Nature (WWF) Indonesia programs.



# 04

## Harmonious Synergy in Empowering the Community





**"We must explore and develop the potential and capability of BNI's Partners. They are our partners who can produce great work in preserving cultural heritage and elevate Indonesian name in the global arena through their creations".**

**Kiryanto**  
**Head of Corporate Communication and Secretariat of BNI.**



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**C**orporate Social Responsibility has become an important part in BNI's business operation. The company believes that a harmonious relations with the stakeholders will create positive synergy to both parties. BNI divides its Social Responsibility Program into five major groups, they are:

1. Partnership Program
2. BNI Berbagi
3. BNI Go Green
4. Kampoeng BNI
5. KAMI Bersama BNI.

At the end of 2015, the company's Directors had issued a Decree No. KP/424/DIR/R regarding Company's Organizational Structurisation of Corporate Communication and Secretariat Division (KMP). One of the contents of the letter is to systematically organize functions related to sustainability and corporate social responsibility, as follows:

## Partnership program

- Develops a work plan and budget in the management and disbursement of funds of Partnership Program.
- Prepares a supporting tools for the distribution of the Partnership Program funds.
- Implements guidance to the partners through disbursing partnership funds and the monitoring activities.
- Manages and monitors the NPL (in collaboration with the business units)
- Manages the training programs and the transfer of technology related to the partners cooperated with related units.



### Community Development Program

- Conducts research and improvement of Kampoeng BNI Program based on customers' needs
- Conducts periodical performance evaluation for each Kampoeng BNI
- Develops policies and SOP on fund disbursement of Kampoeng BNI.

### Corporate Social Responsibility

- Develops workplan and budget for managing and funding the CSR program
- Prepares supporting system for disbursement of CSR fund
- Manages the CSR Program (Natural Disaster, Education & Training, Health, Public Infrastructures & Utilities, Worship Centers, Nature Conservation, and Poverty Eradication) including Sports, Culture and Arts.

### Development of Research and Reporting

- Develops effective methods in disbursement of funding for community development program and partnership program
- Manages strategy and business activities of community development program and partnership program that can create business opportunities for BNI

- In cooperation with other external parties to develop community development program and partnership program
- Conducts monitoring, evaluation and develops report related to funding disbursement and activities of community development program and partnership program
- Manages the database and portfolio related to community development program and partnership program
- Conducts follow-ups on results from audits (internal as well as external) according to the plan/suggestions/improvements provided by the auditor related to the disbursement of funding of community development program and partnership program.

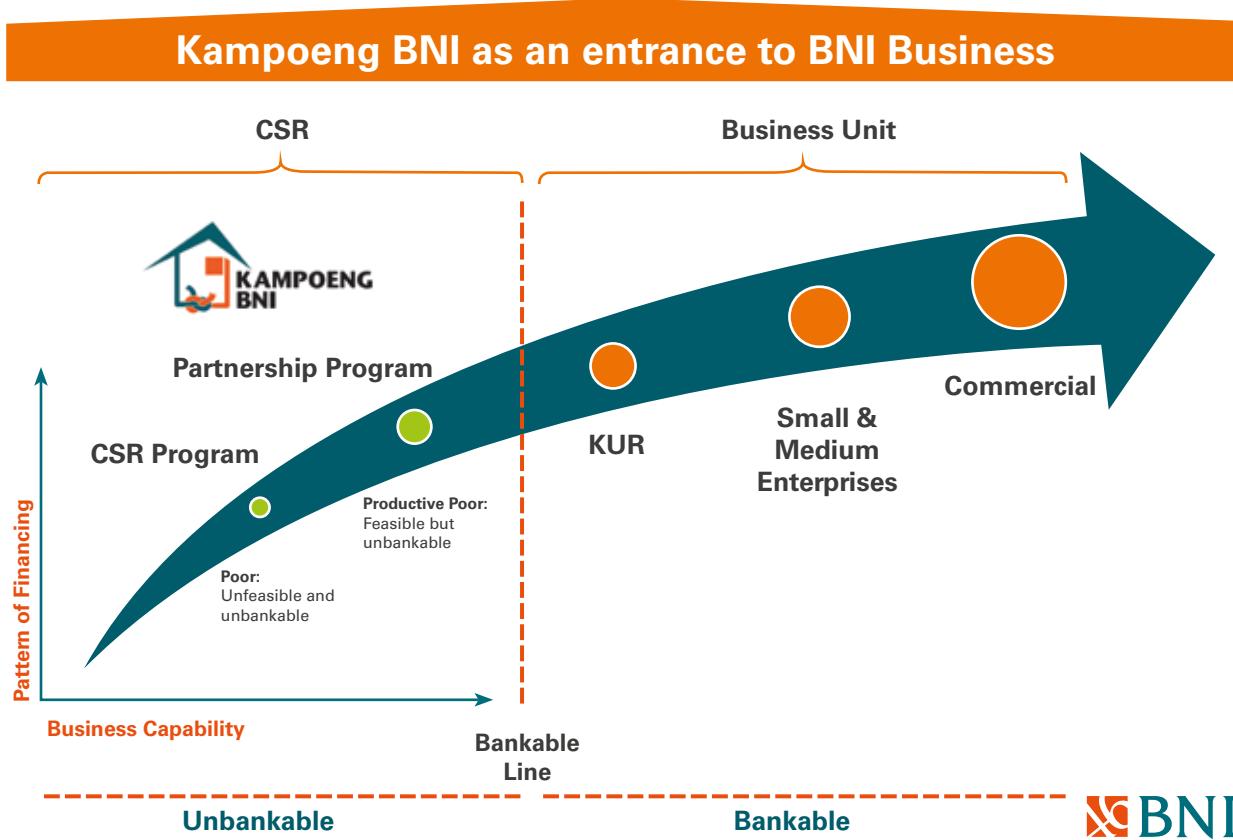
### Sustainability and Green Banking

- Implements the green office and cost saving initiatives
- Conducts promotions of green products and service features
- Implements the green program related to micro-small-medium enterprises and community group in cooperation with community development program and partnership program group and related units
- Conducts capacity building and accompaniment to stakeholders engaged in the sustainability program
- Conducts the Go Green and City Forest Program
- Manages the Sustainability Report.

## 58 BNI Partnership Program

Partnership Program or PK is a program that provides soft loans to potential micro and small entrepreneurs, which is referred to as Partners. Through this program BNI is committed to provide guidance for Partners to be independent in developing their business.

BNI continuously explores and develop potential and capability of BNI's Partners. They are our partners who can produce great work in preserving cultural heritage and elevate Indonesian name in the global arena through their creations.



In terms of feasibility and viability of the bank, there are several stages of business, it starts from not feasible and un-bankable up to the highest level at a commercial level. BNI looks at this and put itself in order to facilitate and serve all of these segments.

For low income people who's business is not viable nor bankable, the approach is taken by the Community Development Program. At this level, BNI has a greater role to facilitate and provide supports in the form of infrastructure and services. The goal is to empower

partners to be able to improve their welfare and to facilitate to have a viable business venture (feasible). In this context, the assistance is given in more charitable way.

Feasible but not bankable business is the focus of the Partnership Program. BNI calls this segment as Productive Poor. The primary objective of this program is: "To assist micro/small enterprises from un-bankable to bankable and then continuing to develop them into a robust and independent business, leading to middle even corporate business scale."

## Partnership Program

"To assist micro/small enterprises from un-bankable to bankable and then continuing to develop them into a robust and independent business, leading to middle even corporate business scale."

### Capacity Building

#### Penggunaan



Capital



Investment

#### Funding



Maximum of credit  
Rp75 million

#### Rate



Low, Very  
affordable  
(6% flat/  
year)

Provide **trainings** to increase partners' managerial capacity

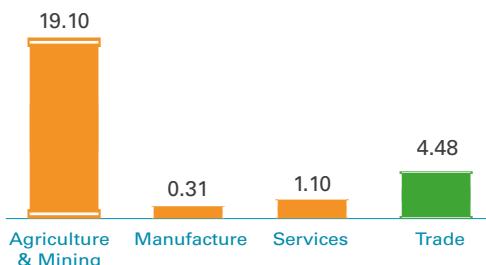
Promotion/marketing through off-line channel (exhibitions in domestic and international) and **on-line** (social media, E-commerce)

Increase **productivity** through intensive support to increase product quality

#### Disbursement of Partnership Funds in 2016

**24.99**  
billion rupiah

#### Disbursement of Partnership Funds in 2016



Loan disbursement through Partnership Program is not a grant; it is meant to educate the beneficiaries or partners to be able to manage their cash flow so they can pay the loan. This means that recipients of the Partnership Program should meet the criteria required by the Regulation of Ministry of State-Owned Enterprises or BNI internal policy.

# Community Social Responsibility Program

BNI holds the mandate and responsibility to bring welfare and sustainability to the people at all levels in the country. Through Corporate Social Responsibility (CSR) or Environmental Development Program, BNI provides social supports to the community in several areas, including:

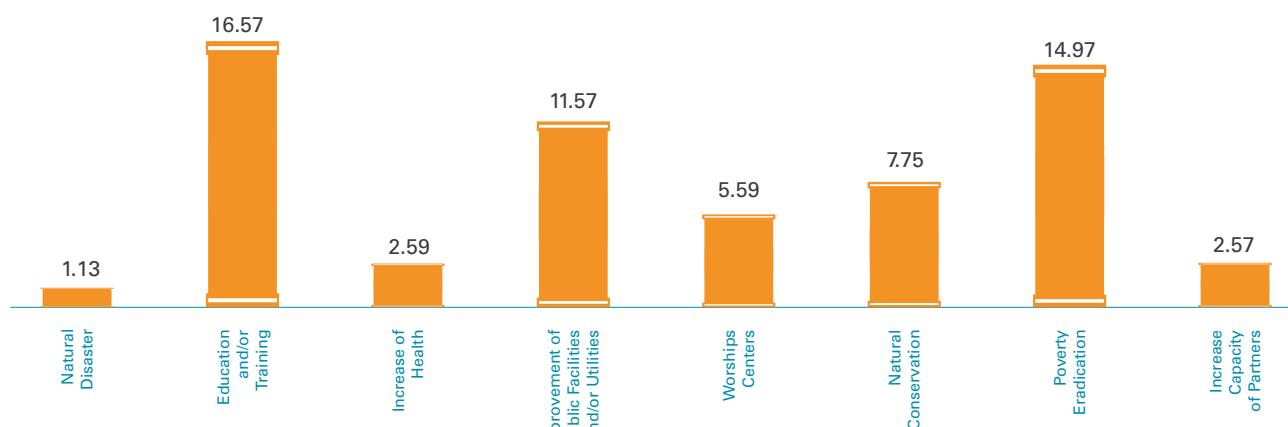
- Donation in response to natural disaster
- Education and/or Training
- Improvement of Health
- Improvement of public facilities and/or infrastructure
- Improvement of Worships Centers
- Conserving the nature
- Eradicate Poverty and
- Increase the capacity of partners.

This CSR Program had given so much positive impacts to the social, economy and cultural development of the society. Several impacts that are experienced by the communities are:

- Increase of skills and expertise in business especially for partners.
- Increase accessibility of transportation due to construction of road and bridges infrastructure
- Increase quality of health facilities and utilities including increase of community's health quality
- Increase of quality of worships centers that made people easier to do their worships
- Increase quality of education because of the increase of the quality of educators and educational facilities
- Reduction of poverty level of the beneficiaries
- More trees planted, more area conserved and increase of absorption of carbon-dioxide due to the increase of trees planted.



**Disbursement of CSR Fund in 2016**





Kampoeng BNI Program is the optimization of the Partnership Program. Using the cluster approach, BNI catalyzes the creation of added value of the Partnership Program. The rationale for the establishment of Kampoeng BNI was to empower the community economy, to eradicate poverty, environmental improvement in a certain area. The concept of Kampoeng BNI refers to the principal of community development, and at the same time featured unique products or characteristic of a region.

Currently, there are 21 Kampoeng BNI that are widespread across Indonesia and focusing on three sectors: Creative Industry, Food Security, and Fishery. The spread of Kampoeng BNI includes - Pillars for Creative Industry including Kampoeng BNI Batik Tulis Lasem, Kampoeng BNI Tenun South Sumatra, Kampoeng BNI Tenun Pandai Sikek, and Kampoeng BNI Wisata Borobudur Magelang; Pillars of Food Security in Lumajang and Pujon, Pillars of Fishery including Kampoeng BNI Muara Angke and Kampoeng BNI Nelayan Brondong Lamongan.

**21** Kampoeng BNI spreads in Indonesia

**Kampoeng BNI focus on sector**  
**1. Creative Industries**  
**2. Food Security**  
**3. Maritime**



The program of 'Kami bersama BNI' was launched in Singapore by Ministry of State-Owned Enterprises (SOE's) Mrs. Rini Soemarno, President Director of BNI Mr. Achmad Baiquni, and Ambassador of the Republic of Indonesia for Singapore Mr. I Gusti Ngurah Swajaya. This program aims to support activities for the advancement of skills and empowerment of Indonesia's migrant workers (TKI).

During the event, BNI also presented the scholarship for TKI who live in Singapore. This scholarship is given

**"BNI hopes that it can take part in increasing the competence of Indonesian Migrant Workers, so it can assist women who work in Singapore when they return home they can still increase the economy of their family through the business opened in their respected villages."**

Achmad Baiquni – President Director of BNI

The scholarship program is in cooperation with Indonesia Singapore School and the Embassy of Republic Indonesia (KBRI) in Singapore. The purpose of providing the scholarship is to show BNI's strong commitment to support the TKI before they return to Indonesia. The handover of scholarship and the equipment supports were conducted during the inauguration of KAMI Bersama BNI Program located at City Plaza Remittance Center, Singapore, on February 17, 2016.

Aside from that, BNI also conducted financial and banking literacy program in cooperation with government institutions such as Agency for the Placement and Protection of Indonesian Migrant Workers (BNP2TKI), Financial Service Authority (FSA), and Bank Indonesia (BI) with the main beneficiaries are Indonesian migrant workers who are still working abroad.

As a form of appreciation and social commitment, BNI also provides some empowerment programs for TKI and

in a form of support for non-formal skilled program worth Sin\$10,000 and given to 100 TKI. Moreover, the company also provided scholarship for TKI who are pursuing the Caregiver Program (nursing for elderly people) worth Sin\$11,500 for 46 persons. Assistance in the form of entrepreneurship training equipments such as seven computer units, seven sewing machines, seven finishing touch sewing machines, and 10 sets of salon equipment amounting to Sin\$ 21,800 were also provided by the BNI.



**Achmad Baiquni**  
President Director of BNI

their families that are implemented in abroad as well as in-country. BNI had established TKI educational center that is located in Indramayu, West Java and equipped with facilities such as library, computers with internet access, and foreign language courses.

Through this TKI educational center, it is expected that the TKI and their families get sufficient skills, so that they can meet the required skills needed in the country of destination of migrant workers. BNI's commitment to the families of migrant workers is also manifested in the form of the implementation of programs such as the Pasar Murah BNI Rejeki Ramadan and Christmas Gift Bazaar. Routine program which is part of the CSR Program is reserved for the family of TKI located in Sumatra, Java and Nusa Tenggara.



### Education Center for Indonesian Migrant Workers

BNI in collaboration with the Ministry of Women Empowerment and Child Protection (KPPPA) develops Education Center for Indonesian Migrant Workers (TKI). In summary, The Education Center for TKI provides facilities such as library (Book Corner), Foreign Language course (Language Corner), Computer and Free Internet access (Click Corner), Entrepreneurial Training (Entrepreneur Corner) and Space for Discussion (Gathering Corner). The Education Center for TKI is also in line with KPPPA's program titled Empowering Migrant Workers' Family (BKT) which has the same objectives of empowering the workers.

Entrepreneur Corner at the Education Center for TKI provides entrepreneurial training participated by family's of TKI, Returned TKI or the surrounding communities to be followed by the Family TKI, TKI Full or surrounding communities, accompanied by instructors who are also the members of the Empowering Migrant Workers' Family (BKT) Program who have been successful in becoming entrepreneurs so that they can be role models for beginners. Participated by returned TKI and family's of TKI, this routine activities were felt very useful, especially to women who were returned TKI and had finished their jobs as migrant workers and has not had activities in Indonesia.

Entrepreneurial activity in the Education Center of BNI is divided into four groups/classes of crafts, various

snacks, services and agriculture, for now the main focus of entrepreneurial activity in the Education Center for TKI is production of handicraft and snacks using materials found in the area. Until now many types of products has been produced from the support provided in the Education Centers that would encourage the emergence of many new entrepreneurs.

For example, Mrs. Darisem, before opening the Spinach chips production business, she sold ice cubes. After engaging in the entrepreneurial training activities in the Education Center for TKI, now the lady who was once a migrant worker in Taiwan is able to expand its business by adding production of peanut and spinach chips.

This is in line with expectations from the community that the Education Center for TKI can provide opportunities for the surrounding community to get jobs and become productive without having to become migrant workers again. Thus the surrounding community can receive benefits from the Education Center for TKI, so that in the future it will grow new entrepreneurs and be ready to compete in a global market, as it is now.

## 64 Rumah Kreatif BUMN

BNI participated in the Creative House of SOE (RKB), initiated by the Ministry of SOEs. The establishment of Creative House of SOEs is expected to be a forum to provide solutions to problems faced by SMEs and to realise the digital economy ecosystem by fostering SMEs to increase their capacity and capability. To optimise the RKB main function as a platform of gathering, learning and developing SMEs, the established RKB is required to have four zones, namely: registration zone, consultation and quality control zone,

digitisation and e-commerce zone, and shared learning zone.

BNI is targetting to build 31 of 514 RKB planned to be established in 2017, at the end of December 2016 BNI has established 6 of the 15 RKB targeted. The RKB locations are: Karimun, Padang, Pangkal Pinang, North Bengkulu, Bekasi, Banyuwangi, Tulung grand, Ternate, Mamuju, Konawe, Pontianak, Banjar Baru, Buol, Cilacap, Sleman and Biak.



**BNI supported the Creative Industry, Promoting local culture through Jakarta International BNI Jazz Festival 2016**

Not many institutions are continuously committed to supporting an art performance, hence it has been performing for 12 years in a row. This year, BNI proved it by becoming the main sponsor in the annual show "BNI Jakarta International Java Jazz Festival". Through world-class musical performances, BNI realises its commitment to support creative industries and promotes the cultural elements of the nation.

The theme for this year's festival is "Exploring Indonesia" and promoting Toraja culture as the design theme of the event. In previous years BNI Jakarta International Java Jazz Festival promoted the concept of batik, wayang, and barong Bali as the design theme. One of the reasons why the culture of Toraja was selected for the event because Toraja have strong art character, wherein the people love to sing and dance during the harvest season.

In the performing arts BNI also presented "BNI Project Indonesian Duets" to celebrate BNI's 70th Anniversary. A total of seven Indonesian singers (among Marcell,

Andien, Teza Sumendra, and Dira Sugandi) invited Indonesian music lovers to 'discover a time machine' with Indonesian duet songs from time to time.

BNI Jakarta International Java Jazz Festival has been named as the largest jazz festival in the world. The event managed to bring world-class musicians such as David Foster, Chris Botti and Sting. Musicians from in-country also presented very entertaining such as Laid This Nite, Brain Juice Parlor, Barasuara, Mocca, Afgan, Kunto Aji, Sopana Sokya, Tomorrow People Ensemble, Yance Manusama, and Otti Jamalus.

BNI's support confirms its position to fully supports the efforts to strengthen the economic independence, one of them through the creative industry. It is also in line with one of the government's Nawacita program in realising the economic sovereignty.

People Business Credit Program or Kredit Usaha Rakyat (KUR) is a financial product for feasible business but is not supported by collateral as required by the bank. The source of fund for KUR disbursement is entirely funded by the bank that provides KUR. The government, through underwriters, only provides a partial guarantee to BNI over the KUR beneficiaries. The guarantor institution will receive guaranteed fee or Imbal Jasa Penjaminan (IJP) paid by the government. Therefore, the debtor should settle KUR received from BNI.

KUR target is individual or business entity who does productive business. In addition to productive business, ones can use KUR for the purpose of pay placement fee for prospective Indonesian Workers who plan to work and apprentices abroad.

KUR channeling is a form of BNI's support to micro, small business and migrant workers, where BNI also provides education and assistance to SMEs to develop their business to increase prosperity.

The government is targeting the disbursement of KUR Rp100 trillion nationally in 2016, and the target given to BNI was Rp11.5 trillion. KUR interest rate is 9% per year.

To continue to develop KUR the Company has made the following initiatives:

- Channeling KUR through cooperation scheme through synergy with SOEs/Institution.
- Channeling KUR through Supply Chain Financing.
- Optimizing outlet by giving authority to 314 KCP
- Optimizing linkage program specifically with People's Credit Bank
- Utilising channels including Agen46, e-commerce and Our Food House.

No.	Scheme	Interest	Max credit	National Ceiling (trillion Rupiah)	BNI Target (trillion Rupiah)
1	Micro KUR	9%	s/d Rp25 million	66	0.5

**BNI** Bunga **9%** per tahun **BNI KUR**

**BNI Kredit Usaha Rakyat**

- Cepat
- Mudah
- Hingga 5 Tahun

**Segera ajukan dan dapatkan seluruh keuntungannya**

Dapatkan keringanan dan kemudahan pembiayaan Usaha Mikro, Kecil, dan Menengah Anda melalui BNI Kredit Usaha Rakyat.

Bonus penerapan penyaluran kredit yang lebih cepat dengan persyaratan yang mudah, termasuk juga jangka waktu pengembalian kredit hingga 5 tahun.

Informasi dan keterangan lebih lengkap, kunjungi Kantor Cabang Bank Negara Indonesia terdekat atau hubungi BNI Call 1500046 atau kunjungi website bni.co.id.

BNI terdaftar dan dianugerahi oleh Otoritas Jasa Keuangan.

**BNI** Malayan Negara, Kebanggaan Bangsa

2	Retail KUR	9%	> Rp25 s/d 500 million	30	10
3	Migrant Workers' KUR	9%	s/d Rp25 million	4	1
Total				100	11.5





Visit of Deputy President Director of BNI and Indonesian Ministry of Social Affair to one of the managers of e-Warong KUBE PKH.

**"Whenever there is remaining funds in the savings, we will treat it equally with other savings in BNI, so it can still receive interest. All e-Warong KUBE PKH are our Agen46 equipped with integrated mini market application, so it will ease the sales and the process to order goods."**

**Suprajarto, Deputy President Director of BNI**

Koperasi Masyarakat Indonesia Sejahtera (KIMS), a local cooperative institution developed by BNI in collaboration with Ministry of Social Welfare keeps expanding. Recently, it is established the so called Warung Gotong Royong Kelompok Usaha Bersama Elektronik Program Keluarga Harapan (e-Warong KUBE PKH) or Electronically equipped traditional shop run by the local group, a family-based program of the Indonesian government; opened in 2 big cities, in Surabaya on August 6, 2016 and in Bandung on September 2, 2016.

As a bank that develops branchless banking networks in LAKU PANDAI – an inclusive branchless banking program of Indonesia FSA, BNI utilizes the e-WarongKUBE PKH as an agent of LAKU PANDAI, called Agen46.

Later on, Agen46 can open an account for cooperative members to accommodate social grants and subsidies.

Cooperative members will also get Family Welfare Card (KKS), which can be used as a means to conduct digital transactions.

The owner KKS who are also the beneficiaries of social assistance and receives subsidies from the government can disburse aid assistance in all network of e-Warong KUBE, all outlets and BNI ATM, and other networks owned by other state-owned banks.

In addition to the functions as branchless banking, the e-Warong KUBE PKH is also functioned as the seller of goods of basic needs (Our Food House) developed by Logistics Agency. This certainly is a complete blend. KKS has the advantage of dual function, as a savings account as well as e-Wallet. With these functions, beneficiaries of social assistance can spend social grants or subsidies for the purchase of basic necessities, or withdraw funds in cash social assistance.

# Testimonies from Partners of BNI

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**"BNI provides opportunities for its partners in exhibitions both domestic as well as abroad so that a village-level product can reach global market."**

I feel the psychological bond with BNI. For me BNI becomes an idealism, because the bank has helped the development of my business even up to marketing. BNI facilitated the marketing of my craft product, and provided training."

**"The support is maximum, satisfying and easier. To increase your capital is also not complicated."**

BNI sometimes knows I need capital. And now I have a plan to increase the stock, maybe I'll apply top-up credit from BNI

I have started to become the customer of BNI since 2012. Apparently, my parents and siblings also received capital from BNI. So all family members uses BNI for transaction."

**"Without knowing now there are 10 Batik Business Groups under my supervision, in from the approximate total of 60 small entrepreneurs alike to develop Batik Lasem. I am proud that currently my neighbors have set up small business and become entrepreneurs, developing themselves together with BNI"**

I hope in the future BNI will be able to continue support us, simplify the process for applying the Partnership Loan so that we can continuously spread the idea of entrepreneurship, preserving the culture of Batik Lasem so that it will be known in other countries."

## Sumba Ikat Weaving, bright reflections of Natural Colors

"BNI is very sensitive to the surrounding environment. Even before I became a debtor, BNI has marketed the Sumba ikat that I produced during the APEC summit. After I became a debtor, successful Sumba ikat production increased by 30%, thanks to BNI.

BNI also has marketed Sumba ikat to the Netherlands. Today many Europeans, Americans, until India who come directly to the house and order Sumba ikat. BNI is very remarkable, hopefully BNI may forever be a partner in marketing Sumba ikat.



**Surya**  
Coin Sculpture Artisans, Bali



**Heri Kismo Rusima**  
Owner of Batik Hafiyah,  
Cirebon



**Sri Winarti**  
Batik Sumber Rejeki  
Business Group, Lasem



**Cornelis Napagama**  
Weaving Artisan, Sumba

# 05

## Ensuring Environmental Sustainability





**The purpose of BNI is to create a Sustainable Banking. BNI's concern to environmental sustainability and its commitment to contribute, learn, and grow towards the Sustainable Banking is aligned with the Sustainable Finance Roadmap by Financial Services Authority (FSA).**

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# 70 Ensuring Environmental Sustainability



**B**anking operations basically do not leave the significant amount of environmental footprint. Because the nature of its operations is services, the negative impact on the environment is relatively small. The effects of its operation in general is in term of use of paper, water usage and waste water disposal, solid waste, and energy use.

On the other hand, the financial services sector could have a major role in environmental management, especially in relation to the type of operation or sector financed. The bank has a major influence to ask the potential debtor to provide adequate environmental and social aspects management. In this case, BNI tries to become the Green Bank.

Realizing that, BNI applies two strategies, internal and external. Internal strategy is to implement banking

operations that are environmentally friendly. Through this approach BNI would minimize the impact of its operation. While external strategy is focused on delivering environmental and social requirements that are stringent to prospective borrowers. In addition, consistent monitoring and evaluation to ensure the debtor always meet the requirements of BNI has always been conducted. In this context BNI attempts to achieve sustainable investment or responsible investment.

The final goal of both approaches is to create a sustainable banking. BNI concerns to environmental sustainability and its commitment to contribute, learn, and grow towards sustainable banking is in line with the Sustainable Finance Roadmap of the Financial Services Authority (FSA).



# A More Eco-Friendly Banking Operations

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## Electricity & Water Consumption

The source of electricity for BNI is purchased from the State Electricity Company (PLN). Its use is to support the operation of the office, for example, lighting, office electronic equipment, air conditioning (AC), or the operation of the elevators. Meanwhile, the water is drawn from two sources, purchased from the Regional Water Company (PDAM) and sourced from groundwater.

The use of water recorded is only from BNI head office, and does not cover the data from regional offices, branches, and other BNI networks.

To conserve the electricity and water consumption, through Go Green Program, the company continuously conducts campaign and initiatives in saving and conserving. One of the action taken by BNI is to join the "Earth Hour 2016". BNI turned off all lamps and unnecessary electrical devices for one hour at BNI Head Office. Aside from that, BNI also actively informed other branches in Indonesia as well as abroad to switch off the electricity.

The savings in 2016 reached more than 23 mega watt hours (MWh). Meanwhile, since participating in the "Earth Hour" from 2011 until 2016, the bank has managed to conserve electricity with cumulative amount to 65.5 MWh.

## Electricity and Water Consumption [G4-EN3, G4-EN8]

Description	2016	2015	2014
Electricity (kWh)	18,705,217	18,221,820	17,924,520
Volume of Water from PDAM (m <sup>3</sup> )	159,691	154,382	149,554
Volume of water from ground water (m <sup>3</sup> )	594	412	2,935





### Green Building BNI

**"With green building certification, we expect the BNI Tower will be a role model of an environmentally friendly building that will inspire other investors to invest capital in building the concept of green building."** Achmad Baiquni, President Director of BNI.

BNI started the BNI Tower construction in April 2016. The first stone was placed by the State Minister for State-Owned Enterprises (SOEs) Rini M. Soemarno. The construction of the building is an effort from BNI to optimize its asset as well as to conduct efficiency from the cost of renting office space. BNI Tower was built with the concept of Green Building. Later, this building will be verified and rated by the Green Building Council Indonesia (GBCI).

This building will occupy an area of 14,817 m<sup>2</sup> with a total construction area of 64,061 m<sup>2</sup>. The building will consist of 1 basement, 1 semi-basement, 1 ground floor, 30 floors, one roof and one parapet roof.

To save energy, it used the passive and active systems design, including the daylight sensors that automatically turn off lights when lighting is sufficient. The expected outcome is an energy savings of 30% compared to conventional buildings.

The building construction uses environmentally friendly materials that will have zero rainfall run-off. This means that the building has a large green open space and equipped with maximum absorption of rainwater systems. This system will not increase the burden on the city's sewerage system, so that the negative impacts can be minimized.

Facilities for employees are also provided in order to support the bike to work campaign, such as the provision of adequate bicycle parking lot and shower room. The building design will also eliminate sick building syndrome so as to provide work comfort.

### Operational Vehicle Maintenance

To reduce emissions and improve fuel efficiency, BNI always performs maintenance for all its operational vehicles. Maintenance and exhaust emissions testing are performed periodically. Periodically, the Company also rejuvenate operational vehicles. Gradually, BNI increases the number of operational vehicles that use less fuel with relatively lower cylinder volume.

### Waste management

To reduce the waste into the environment, BNI constantly implements policies of reduce, reuse, and recycle (3R) on waste management. BNI handed its plastic and paper waste to a third party for recycling. As for hazardous waste such as used oil from generators, BNI implements the procedures for handling with great caution and to be collected to a third party who had permission from the Ministry of Environment and Forestry.

## Minimizing Use of Paper

Activities and operations of the bank can not be separated from the use of paper. However, we recognize that the more we use the paper, the more forests and trees will be cut down as raw material for making paper. For that, BNI is committed to save paper by making various attempts, one of which is through paperless billing and invites customers to maximize the function of internet banking, website, email and other digital devices for their banking purposes.

Waste paper recycling program at BNI Headquarters, aims:

- a. Help to create a clean atmosphere, and comfortable environment in the workplace.
- b. Participate in government programs in the field of nature conservation and the Sustainable Development Goals (SDGs) in Responsible Consumption or known as the 3R (Reuse, Reduce, Recycle).
- c. As a form of community empowerment in order to enhance the image of BNI to stakeholders while enhancing trust and awareness.
- d. Increase of employees' concern about cleanliness, in order to always utilize the waste paper.
- e. Reduce paper consumption in the workplace in order to reduce the cost of purchasing paper.

In cooperation with the Nara Creative Foundation, BNI tries to use waste paper in every division at the Head Office in Jakarta through collecting waste paper from three areas of the building, BNI Head Office Building BNI, Wisma 46, and BNI Landmark Building through recycling programs.

Nara Creative Foundation is a social enterprise that manages waste specifically waste paper from companies (go office) and education institutions (green education), then transforms the waste into office supplies, media kits, wedding kits, graduation caps. All activities are conducted by street children/homeless children. And the money that the foundation received from producing the recycled products is used to give education access i.e to pay tuition fee and housings for the street children.

Garbage is collected in the form of paper waste, newspaper, cardboard, books, and unused magazines. Throughout 2016, garbage collection was conducted over four (4) sessions collection time, they are: (a) Session I, dated February 18-19, 2016, (b) Session II, dated March 10 - 11, 2016, (c) Session III, March 23 - 24, 2016, and (d) Session IV, 14 - 15 April 2016.

During the garbage collection time from the three areas of the building, the amount of collected waste paper is as much as 1,125 kg. The paper waste is processed by the Nara Creative Foundation into more valuable recycled products such as 1,500 pieces of notes book, and 1,400 pieces of paper bag. In addition to recycling efforts, paper savings were also obtained from changes from paper-based transactions to an electronic-based transactions (e.g e-banking and e-statement).

**Reduction of Paper Used in 2016**

**2,085 tonnes**





BNI participates in supporting a program of Institute for Research and Community Services Universitas Sebelas Maret (LPPM UNS) Surakarta to develop integrated farming village of tempeh chips cluster at Sadhang Karang, Ngawi regency, Central Java using the integration of biogas program (cow dung) and waste utilization of soy for community-based animal feed.

The program is called the Blue Economy Program which is a diversification of community-owned cattle biogas development and the differentiation of various flavors of crisps made from soybean with the concept of zero waste. Through this program, all raw materials for production activities derived from nature (eco-friendly), with the waste that can be used for other production material (zero waste principles).

Through the Blue Economy, BNI provides financial assistance amounting to more than 400 million for the construction of 12 units of biogas digester. BNI also helps to improve business tempeh chips up to compete with a superior product with high economic value.

Blue Economy program in the future can be implemented for the development of potential candidates for Kampoeng BNI.

Based on the research conducted by the LPPM UNS for tempeh chips cluster, resulted in:

- Blue Economy Program can be implemented in the village of Karang Tengah Sadhang Prandon District of Ngawi, Sub District Ngawi, Central Java through an integrated farming and livestock industry system by combining industrial activities of tempeh chips with cattle farms.
- Blue Economy Program can increase industrial productivity of tempeh with waste that can be used for cattle feed. Cow waste is then converted into renewable energy through biogas digester for environmentally friendly fuels for tempeh industry needs as well as liquid fertilizer.
- The program involves stakeholders include private partnership, community, local government, and academia.



LPPM UNS will provide guidance in production management, marketing and finance, as well as help craftsmen tempe from non-bankable become bankable. Assistance provided by BNI are expected to make the members motivated, to be more creative and caring for the environment.

In its implementation, LPPM UNS also took Cooperative Tempe Mekar Jaya which houses about 250 members in the village craftsmen tempe Sadhang. Sadhang village is indeed one soybean producing centers and product chips, crackers, and more in Central Java.

Chairman of the Cooperative Tempe Mekar Jaya Supriyanto, hopes that the members can use cattle dung as fuel, as well as replace the material oil, gas, and firewood that had been used in producing tempe.

He also hopes that members can replant the critical land with productive trees (teak) that have economic value as savings income in the future. After using digester, members can save Rp250- 300 thousand per month.

To be more competitive, Mekar Jaya Cooperative invited BNI along with LPPM UNS to make a differentiation strategy, diversification, and perform enhancement in particular added value to the use of bio-fertilizers and sluge slurry from the rest of cow dung. Going forward, BNI expects Mekar Jaya can maintain production standards of tempe and continue to apply the principle of zero waste.



To raise awareness on the importance of environmental conservation, the Company continues to conduct various awareness efforts to the employees of the company. The implementation of environmental awareness has started since a person became a candidate employee of BNI. The candidate employee education program has incorporated aspects of the environment as one of the materials to be delivered. When the person becomes employed, BNI will facilitate the development of awareness and competence through relevant training and through involvement in programs or activities within the Company.

Some activities under Go Green for this year are:

- Conduct two batches of Environment, Social and Governance (ESG) Training.

- Campaign and participation in the WWF's Earth Hour program, participated by the BNI Head Office, Regional Offices and Branch Offices
- BNI also supports the efforts to raise public awareness about the cleanliness of the environment through waste clean up activities around the house or in the public areas in commemoration of the National Waste Care Day on February 21, 2016. This event was attended by enthusiastic BNI employees
- To celebrate the Earth Day, employees of BNI together with Komunitas Alaska distributed 7,000 reusable shopping bags. This effort could establish awareness of reducing plastic bag use among employees of BNI, as well as public awareness.
- BNI developed applications based on android called Sustainable Banking Apps to enhance the understanding and participation of employees and the community with respect to sustainable banking.



# Bank Sampah BNI (Waste Management Program)

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Kampoeng BNI is one of the Partnership & Environment Development Program that aims to empower the community's economy through disbursement of soft loan by cluster in several areas. One of the Kampoeng BNI, which is the Kampoeng BNI Imogiri has been a pilot project model of Bank Sampah BNI.

The decision on applying the trash bank in Karang Tengah Imogiri was based on the consideration that the people in that area have strong awareness towards the environment and shown by the existence of an environmental group (KOPEL), moreover the trash bank business as well as the existing waste management is available now, but still needs to be optimized.

Geographical conditions of Karang Tengah village is suitable for running this business, wherein there is limited specific natural resources available, but already set up the village-owned enterprises as a motor of the economy, and after 5 years of becoming BNI partner, it has shown 100% rate of credit collectability. For BNI the trash bank business also provides benefits, including: improving the composition of the active Agen46, an increase in customer base and channel agent as well as increase in BNI Smart accounts.

The current Bank Trash management that remains is:

- Waste management will be conducted by the village-owned enterprises (BUMDes) Karang Tengah
- The Trash Bank will become a business unit under BUMDes managed by the environmental group under the coordination of BUMDes
- Each trash bank managers registered as Agent46 under BUMDes can register new members through the opening of accounts and be monitored by BUMDes

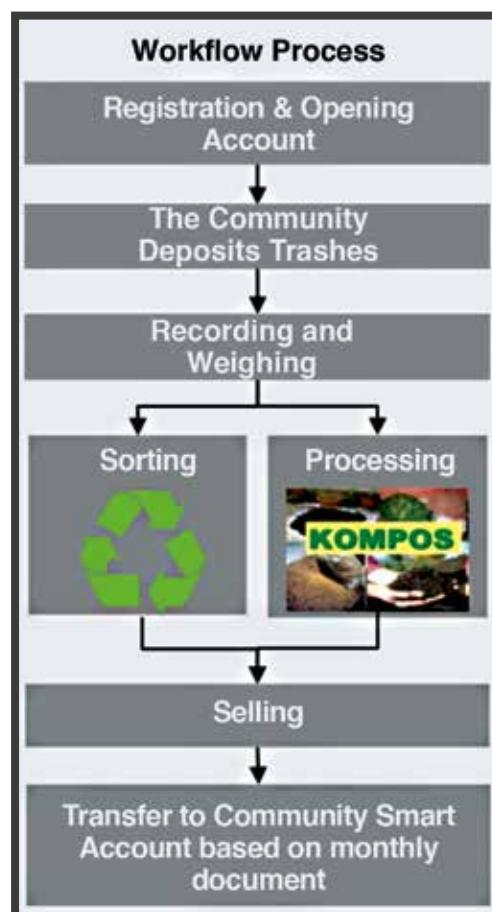
BNI conducted a change management pattern by adding the following matters:

- Register the Trash Bank Manager as Agent46.
- Activate the transaction of customer of Agent46 (that becomes the business unit of BUMDes) through activating the transaction of:

- Open an Operational Trash Bank account
- Smart Savings Account opening for the community member of Trash Bank
- Smart Savings account deposit to the public upon payment of garbage that had accumulated.

## Operationalization of Trash Bank

- Registration of community member through opening BNI Smart Account
- The account number is an identification number in the registration to deposit trash
- Deposited trash will be weighed and recorded based on the number identification number.
- Organic Waste is processed into compost and non-organic sorted and sold to collectors.
- The amount of trash sold to collectors/sale of compost is deposited to the Trash Bank account
- The Trash Bank pays to its member through a transfer to the account of BNI Smart based on corresponding records on a monthly basis.



# BNI Sustainable Banking Apps

In promoting the sustainable banking, BNI developed and launched android-based application called BNI Sustainable Banking Apps. This application can be downloaded for free at Google Play Store. This is part of BNI's contribution towards the sustainable development, as well as to support the Sustainable Finance Roadmap of the Financial Service Authority (FSA).



**Topic 1: How are you Earth?**



Through this topic, you will learn about the condition of our earth, carbon emission, global warming and what are the causes. You can also find information on food, energy, water and health crisis.

**Topic 2: Carbon Footprint**



You will create carbon emission in your daily life, learn about the carbon footprint and the facts about carbon in this page.

**Topic 3: Sustainable Finance Roadmap of FSA**



Information on Sustainable Finance Roadmap of the FSA which is divided into mid and long term, sustainable financial data analysis, and government regulation related to the environment.



Topic 4: Sustainability	Topic 5: BNI Sustainability Program	Topic 6: Sustainable Business Potential
 <p>In this page, you will learn anything about sustainability, including:</p> <ol style="list-style-type: none"> <li>1. Sustainable Development</li> <li>2. Sustainable Business</li> <li>3. Sustainable Finance</li> <li>4. Sustainable Banking</li> </ol>	 <p>This page contains information on BNI's programs related to the Sustainable Finance Roadmap of the FSA.</p>	 <p>In this menu, you will learn about the potential business according to the sustainability principles in the banking sectors such as funding, lending and services.</p>
 <p>In this topic, you will measure your understanding over previous topics.</p>	 <p>Your participation in every topics will be appreciated. You will be involved and received a star when you finish each topic in the module.</p>	

# 80 BNI Urban Parks and Forests



BNI contributes to cities in Indonesia through the development of city forest based on the local needs and unique local endemics. This program is developed based on BNI's concern to mitigate the climate change and to support the sustainable development. These city forests apply the aesthetic values, become ecotourism facilities, educational facility, and social interaction facility. The aims of BNI city forest are:

- To support government program of One Billion Indonesia Trees (OBIT) and Indonesia's carbon emission reduction program amounted at 26%.
- To balance BNI business with the management of environmental and community development.
- To engage and empower the community in increasing the quality of life in the cities.



#### **Peatland Forest of Jumpung Pambelom, Palangkaraya**

- Location: Jl. Palangkaraya Pulang Pisau KM30.5 and 31.5 Central Kalimantan
- Land area: 10 Ha
- Implementer: Ranu Tanu Dayak Institution
- Status: transferred to Ranu Tanu Dayak Institution, with very well maintained

#### **University of Lambung Mangkurat (Unlam) Park, Banjarmasin, South Kalimantan**

- Location: in the area of University of Lambung Mangkurat
- Land area: 308.4 m<sup>2</sup>
- Implementer: BNI KCU Banjarmasin
- Status: transferred to University of Lambung Mangkurat, maintained condition

#### **RSUD H Damanhuri Park, Barabai, South Kalimantan**

- Location: in the RSUD H. Damanhuri Barabai, South Kalimantan
- Implementer: BNI KCU Barabai
- Status: transferred to RSUD H. Damanhuri with the condition well-maintained

#### **Udayana City Forest, Denpasar, Bali**

- Location: Udayana Campus, Jimbaran Hill, Bali
- Land area: 350,000 m<sup>2</sup>
- Implementer: Udayana University/CV Putra Pragae Utama
- Status: transferred to Udayana University

#### **Banjarbaru Vertical Garden, South Kalimantan**

- Location: around the Dr Murjani area and Twin Bridge, Banjarbaru, South Kalimantan
- Land area: 40 spots of vertical garden
- Implementer: BNI KCU Banjarbaru
- Status: transferred to Banjarbaru City Government; well maintained condition

## **The function of City Forest & Parks**

Improve and maintain micro climate and aesthetic values.

Water catchment area.

Support the Indonesia's biodiversity conservation.

Create balance and harmonious of city's physical environment.



**RumahKreatif Bank  
Sampah Rangga  
Mekar (BSRM)**

**"The purpose of BSRM program is to create community's self-reliance in maintaining the cleanliness of the environment through eco-friendly waste management with the principle of community involvement, independence, efficiency, environmental protection and integration of household waste, inorganic waste is recycled and reused."**

Sandy Adam - Chairman

The Rangga Mekar Trash Bank (BSRM) is an organization established in Rangga Mekar village, South Bogor subdistrict. This organization implements the Trash Bank program and the Creative Home Improvement towards

Bogor Green and Clean. BNI supports this program with funds amounting to Rp99.45 million. BSRM is a non-governmental organization which was established on February 21, 2015.

The waste management program that is implemented by BSRM using the 3P (People, Profit, Planet) approach and applying the Community Based Solid Waste Management (CBSWM) systems which is a waste management program that is planned, developed, operated, managed and owned by the community.

Like any ordinary saving account, saving in BSRM Program follow the same step, the customer will receive an account number and a savings book where in the passbook recorded the client's identity, the date of the transaction and the type of waste and volume of waste deposit.

Funds recorded in the trash saving account can be used for transactions such as purchasing electricity vouchers, mobile phone voucher, can also be cashed in, payment of elementary and junior high school fees, said Sandy.

BNI supports to BSRM program, with the consideration that:

- a. BSRM is an environmentally conscious organization supported by people who are proven successful in addressing environmental and critical land issues in the district of Bogor and Cianjur in particular as the mayor of Bogor and the commander of Kopassus which were active in greening areas in Indonesia.
- b. BSRM uses the facility of a model house owned by Bogor Nirwana Residence that is managed in a participatory manner.
- c. BSRM program uses the 3P (People, Profit, Planet) approach using the concept of the Community Based Solid Waste Management (CBSWMM) systems.
- d. Support government programs in promoting concern over the waste and renewable energy from biomass which in this case from trash.
- e. Raise awareness on the importance of hygiene and health in order to maintain a better environment.
- f. Involve community (NGOs, Community), government and business stakeholders as the source of their social life.
- g. BNI's indirect support to partner directly with grassroots communities can enhance the reputation and image as a bank that cares for the environment and other social issues.
- h. The program is in line with the fourth mission of BNI is "Increasing awareness and responsibility towards the environment and the community"

BSRM program also caught the attention of Japan International Cooperation Agency (JICA). During his visit to BSRM, JICA Team Mr. Tomishige accompanied by the DKP PPS Bogor City saw by himself the result of the sorted trash ready to sale, at the Rangga Mekar Trash Bank and the NUSANTARA 3R Creative House, renovated with the support from BNI in order to support community-based waste reduction, at Rangga bloom, the city of Bogor.

Not only JICA, neighboring countries such as Timor Leste was trying to learn more about Creative Home and waste management at Rangga Mekar Creative House. The delegation consisted of the Director General and the Director and Sub Director of Department of Internal Affairs of Timor Leste.

## 84 BNI Go Green Activities in 2016



### • Love the Earth Win A Trip to Korea

The program aims to establish a national scale loyalty through coloring and drawing competitions. The theme is "I Love My Earth" to nurture a culture of saving from an early age as well to educate children to care for the environment. This BNI Taplus Kids Goes to Korea Program, attended by a total of more than 6,000 young customers.

Every customer of BNI Taplus Kids who participated in the program received 1 (one) saplings that became the children's donations to the earth. In the event, the total of 7,700 tree seedlings collected. The symbolic tree planting is done by the winners by planting together at Bogor Agricultural University Campus, while the rest is planted by BNI in Tangerang and West Java.

### • Synergy in Greening the Cikampek Toll

As the form of SOEs concern to the nature conservation and reforestation, the SOEs synergy between PT Jasa Marga (Persero) Tbk. and PT BNI (Persero) Tbk. conducted 10,000 tree planting program started with the first phase of the greening program on Saturday, March 26th, 2016 at Km 59 + 200 Jakarta-Cikampek Toll Road.

This activity was inaugurated by the Minister of State-Owned Enterprises, Rini Soemarno and Minister of Environment and Forest, Siti Nurbaya Bakar with the symbols of tree planting that were handed by Adityawarman Director of Jasa Marga, and Achmad Baiquni President Director of BNI. The event was also attended by Ahmad Heryawan, Governor of West Java Province, Cellica Nurrachadiana, Regent of Karawang as well as the 70th Director of SOEs. The trees planted are mahogany types, Bintaro, and Bungur which have a high water absorption so that it can also be useful to withstand avalanches.

### • The National Waste Awareness Day 2016

During the commemoration of the National Waste Awareness Day in Jakarta, BNI also supported the efforts to raise public awareness about the cleanliness of the environment through waste clean up activities around the home environment as well as in the public area. BNI supported three programs including the following:

- MOVING program for Indonesia Free Trash 2020, the picked-up trash activities conducted in the Sudirman area until Bundaran HI-Jakarta with Yayasan Pelita Cakrawala Inspirasi.
- Clean-up Program at the Gunung Gede Pangrango National Park.



- Waste paper recycling program implemented jointly between BNI and Nara Kreatif. BNI collected the waste paper participated by all Division from 3 buildings, Head Office, Landmark Building and Wisma46 Tower. The collected papers then were recycled by Nara Kreatif and became souvenirs used for BNI's PKBL activities.

#### • Tree Nursery in Ambon

BNI in cooperation with Kodam XVI/Pattimura Ambon conducted a tree nursery program amounted 25,000 tree seedlings of perennials scattered in Pulau Ambon, Pulau Seram and Pulau Halmahera. Those seedlings will be planted in the reforestation areas in Maluku and North Maluku. The type of tree seeds that are sown are Jabon Red/Samama, nutmeg, cloves, Durian, soursop, mango, Sunkist Kisar, Gandaria.

#### • Greening the City of Solo

In order to carry out the mandate of the President to make the Kingdom of Solo as the center greening, the Indonesian National Army Commander through Pangdam Diponegoro will conduct labor-intensive reforestation program in Solo Raya region, including city of Solo, Regents of Klaten, Boyolali, Slregen,

Sukoharjo, Karanganyar and Wonogori. Plants will be planted including as many as 22,065 Trembesi and Campur as many as 45,935 seeds and seedlings with the involvement of 2,436 military and 6,800 people who come from the Local Government and Related Agencies, Private/state and the Universitas Sebelas Maret (UNS).

#### • Releasing Orangutan in Central Kalimantan and Planting Trees in East Kalimantan

BNI also supports reforestation program initiated by The Borneo Orangutan Survival Foundation (YBOS). Orangutan release was carried out at the end of April 2016 in the jungle Nyaru Menteng in Central Kalimantan and East Kalimantan Kehje Sewen with the number of orangutans released of 4-20 Orangutan. Meanwhile, reforestation activities readjusted the original habitat of the Orangutan, conducted between January and April 2016 in Samboja Lestari, East Kalimantan. BNI participated in the reforestation of land of 5 hectares that will be planted 2,000 saplings and maintenance costs for 5 years.

# 06

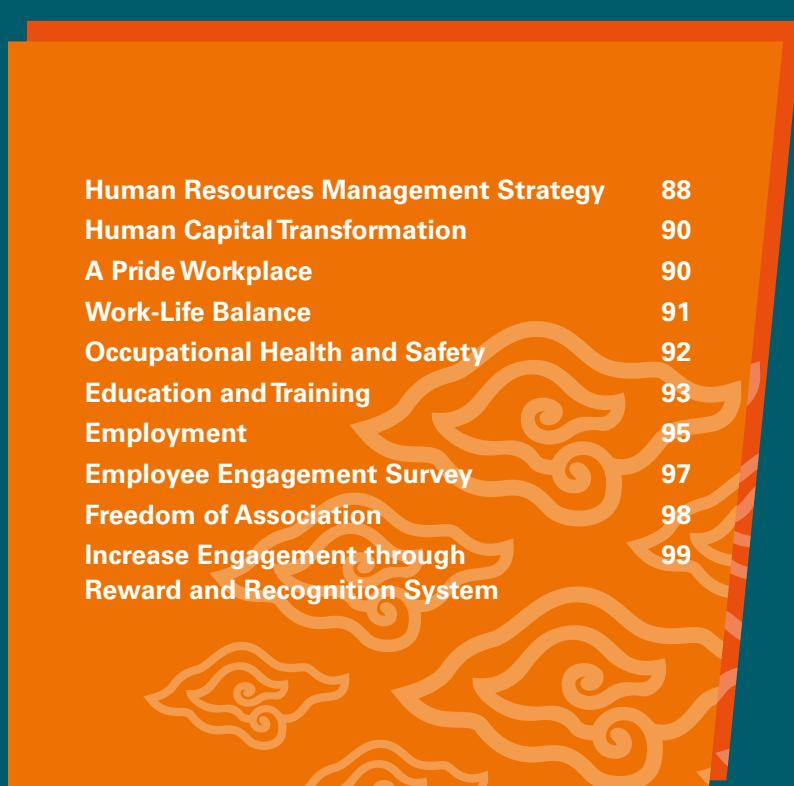


## A Proud Place to Work and Gain Achievement for Insan BNI



**"Career path should be clear, completed with adequate compensation, and of course fair remuneration and welfare should be felt by all employees. We can not deny that with it, employees will be more motivated to deliver good performance."**

**Suprajarto**  
Deputy President Director of BNI

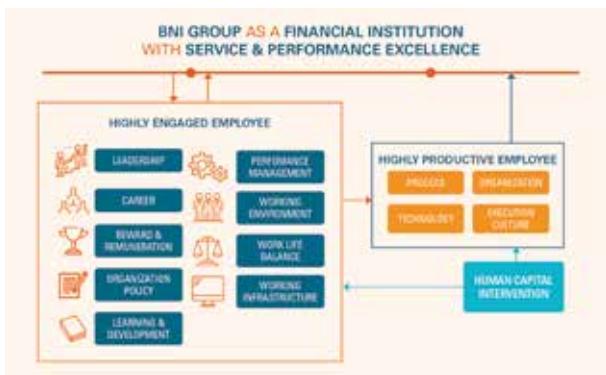


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# Human Resources Management Strategy

88

**B**NI believes that to be an excellent financial institution in services and performances will require the support from engaged and productive human resources. Based on Employee Engagement Survey 2015, employee engagement is determined by several aspects such as (a) leadership, (b) career pathways, (c), reward & remuneration (d) company's policies, (e) learning opportunities, (f) performance management, (g) working environment, (h) work life balance, and (i) working facilities. While factors that determine employee's productivity include employment prospect aspect, technology, organization and execution culture. For that, the Company feels that BNI's human resources management should be able to interfere in several aspects that would influence level of engagement as well as employees satisfaction.



IN 2016, the Company had implemented the human resource management strategy called BNI Human Capital Architecture. The human resource management architectural becomes the basis for improving other human resource management strategy with the expectation of having the ability to adapt and support the Company's dynamic Business

*Aligning Corporate's Goal, Strategy and Culture with Employee's Performance, Competency and Behaviour.* The Company sets target to achieve, strategy to achieve the target, as well as organizational culture that becomes the basis for organizational behavior. To achieve the target set, employees of BNI are requested to show their performance. The change of company's strategy to achieve the goal push the employees to continuously

increasing their competence that support the company's strategy. BNI also expects that employees show their behavior match with the organization's culture.



*Talent and Succession, Learning and Development, Reward and Recognition.* If an employee is able to deliver personal performance in harmony with the company's strategy and behavior reflected as company's culture then the Company is committed to realize 3 aspects to employees such as talent & succession, opportunities to improve competence and capability (learning & development), and provide acknowledgement and reward for employees' contribution to the office (reward & recognition).

*Information Communication Technology.* All Human Capital Management Strategy is informed to all employees openly and transparently and through different means of communication that can be accessed anytime, anywhere by the employee. Technology plays as the main infrastructure that supports the implementation human resources management aspects to be more effective and efficient. All employee management component in HC Architecture can be accessed independently by employee through an online integrated employee management system.



## Learn, Grow and Lead with BNI Corporate University

On June 2016, BNI conducted the soft launching of BNI Corporate University. The BNI Corporate University is a transformation from the Organization Learning Management Division. This platform will be the place for creating excellent human resources in banking industry. The contribution is not only to support the realization of Company's vision and mission, but also to the nation, to create talents ready for global competition.

The main functions of BNI University are:

- Become a platform for the development of human resources as human capital for the bank to meet the challenges not only today, but also future challenges.
- Become a center of excellence for the main business of BNI in achieving its business objectives.
- As a strategic partner for key stakeholders in formulating the vision, strategy, goals, and measures of human capital development in order to remain a leader in the industry.

In order to answer the intensify challenges over the banking industry competition, BNI understands that the key to success is in the aspect of human capital. So having the human capital with the best competence and reliable, as well as how to sustain its development becomes the first step of BNI Organizational Learning transformation to become Corporate University.

BNI Corporate University was born with the motto Learn, Grow, Lead or study, work, career. Its vision is to ("Become a world class financial services center professional development).

BNI Corporate University Mission:

1. To create a world-class system of professional development in the financial sector, international banking sector, credit sector, risk management sector, and operational sector.
2. To accelerate the preparation for the regeneration of BNI business leaders to address business needs in the future.
3. To build alliances with strategic and potential partners (universities, leadership development centers, and center for business analysis, associations, and other industrial actors)
4. To build world-class financial services learning solutions that is applicable and have business impact.
5. To develop a reliable assessment center to support the development processes.

BNI Corporate University provides every employee not only to learn and to receive applicative knowledge, but also to grow by performing well and to contribute significantly to the company's business performance and to have a learning focus that is to create employees of BNI with strong character based on "Prinsip 46", Professionalism, Integrity, Customer Orientation, and Continuous Improvements.

In 2016, the Company continues to implement the initiatives of Human Capital Transformation Roadmap towards the World-Class Human Capital Practices 2018. This roadmap is a long-term program that was started in 2016 and aimed to integrate business strategy with human resources management into all aspects of the organization that focuses on managing human capital as the main factor. A good business management adheres the human resources aspect in which engagement plays an important part.

Thus, it will create a good relationship between the organization and employees, which mutually benefiting and profitable for both parties. In short, the BNI Human Capital Transformation Management can be explained as follows:

1. Improving the function of strategy and human resources policies;
2. Focusing on the more comprehensive activity of "Business Partnering" for all business units;
3. Implementation of shared services for human resources management to improve the involvement of line managers in managing human resources in the unit.

One realization of Human Capital Transformation in 2016 is the organizational arrangement and the Human Capital Management Division of BNI Corporate University. In HCT Division, the function of assessment center migrated to BNI Corporate University, while the management of industrial relations and outsourcing was under the responsibility of VP HC Service.

## A Proud Workplace

### **Employee Value Proposition BNI**

Together creating the best place to contribute, learn and grow to be the proud of the nation

In accordance to one of its mission, the Company is working hard to create the best conditions for employees as a place of pride to work and gain achievement. Therefore the bank has made various efforts systematically and continuously. One of the efforts is to bring the Employee Value Proposition (EVP).

EVP is the ideal values of the Company promised and believed to be shared by the company and employees so as to give rise to a commitment to make it happen. EVP existence became a major adhesive existence of the Organization and its employees in order to generate maximum synergy. The company has promised to

reward employees in line with the contributions and the performance shown. Instead, employees are committed to contributing to the Company as its best performance.

In line with the third mission of BNI that is to "create the best conditions for employees as a place of pride for the work and achievement, then the joint appointment of the company and its employees is to" jointly create the best place to contribute, learn and grow, to become the pride of the country ". The meaning of the word "together" is explained that the company and employees are two sides of the coin that are interdependencies in order to achieve the common goal of the organization.

Employees will be able to contribute more if the company also thinks about their needs. This means that companies should care about the work-life balance of employees. BNI strongly supports a balance between work and personal lives of its employees. For BNI, private life and family life quality will be able to push the performance of employees. Employees are part of a larger family of the company that must be maintained.

## BNI Employees and Work-Life Balance

**"I always try not to bring work home, so as much as I can, I finish all the work at the office. I always want to implement the Work-Life Balance, balancing the time between work and family time during holidays."**



**Devita Inda Zakiah Apriliandri**  
Credit Analyst RBC Bandung

**"For me, work isn't only about self-actualization, but as part of worship to God. That is why we must give our best to the company, and of course to God."**



**Harris Sirait**  
Sales Supervisor of KCU Medan

**"Family is the one that can motivate my life. They always make me to have my strength and spirit. For sure, all my accomplishments and achievements at work, I dedicate them all to my family."**



**Rinto Sulastoro**  
The Best Institutional Banking Officer "BNI We Care"

**"For me, family is number one. Above all, communication and trust are the most important. When I'm at the office, all focus will be about work. But when I'm at home, as much as I can no work related business, so we can spend quality time with family and children."**



### New Office Space, HCT Bring the "Share Office" Concept

**"Previously, all rooms were filled with cubical. That is why employees do not feel the spirit. And even employees work on their own. It definitely affects the level of motivations."**

Ayu Sari Wulandari - ad of HCT Division BNI.

Productivity of employees at work, one of which is influenced by a comfortable working space. Studies prove that the change in the workspace is needed to create a comfortable environment for workers to keep the working spirit.

There is a new ambiance in the new HCT workspace. Now the concept of space is no longer designed stiff

and boring, but rather laid out with the concept of "Share Office" making it easier to collaborate because no partition which makes the engagement among the employees higher.

The employees look very enthusiastic and eager to welcome their new work space. The room concept is good to boost your mood and makes employees feel that the office is a pleasant place to attended every day. It is expected that this type of office space will be an ideal office space in BNI.

## Occupational Health and Safety

For BNI employees' health is a very important asset. We always concern about the health of every employee because without physically healthy a person will not be able to do the activities and work so it will not create a sustainability for the company. The Company pays close attention to the health and welfare of employees in addition to developing their careers.

Some programs that BNI conduct to maintain the health of the employees.

- Routine exercise conducted very Friday morning at all branches

- Campaigns and education about chronic disease and healthy living tips
- Optimization of break-time and anticipation of fatigue, BNI ensures the safety of each employee.
- Routine fire-drill simulation and evacuation in the Head Office, Regional and Branch especially those occupying high buildings.

Throughout 2016 no fatal work accidents, severe accident, major accident as well as accidents. [G4-LA6]



**E**ducation and training become one of important factor in realizing an excellent human resources. The Company allocates sufficient resources (Time, Financial and others) to conduct education and training.

**E**During 2016, BNI has trained 99.76% its employees of 28,311 employees (27,544 active workers, and 767 non-active) with training participation of 179,914 or every employees received 6.34 training.

Number of Employees	Number of Training Hours	Training Hour/Employee	Number of Training Participants	Number of Employee Trained
28,184	1,740,788	61.76	179,914	28,311

The realization of education and training budget for 2016 amounted to Rp214,996.57 million (86.34% from last year budget), an increase of 3.75% compared to 2015. This increased of indicator supported by an increased number of training participation amounted 179.914 or every employees would received 6.43 times with the 2017 investment valued to Rp7.59 per employees.

Description	2016 (in million rupiah)	2015 (Million Rupiah)	Increased (in million rupiah)	Increased (in %)
Education and Training Budget Realization	214,996.57	207,229.04	7,767.53	3.75

Credit management is an important aspect in the company's business. It is because BNI is very serious in increasing the capability of its employee in the credit sector. One of which is to provide a consistent certification program, Training for Trainer (TFT), combined with e-Learning Mandatory Core Credit Skill.

Professional certification programs are also provided by BNI according to business needs and employees, in addition to the tutorial program organized both in-class and e-learning. The certification program participated among others are Associate Wealth Management Certification, Certificate for Specialists in Demand Guarantees, Special Education Advocate Profession, Professional Education Capital Market Law Consultant, Certified Risk Management, Certificate in International Trade and Finance, Certificate Documentary Credit Specialists, Certified AAJI, as well as Banking Compliance certification.

BNI Group also demonstrated synergy in the coordination of the implementation of learning with its subsidiaries, among others, the implementation of the program Four Disciplines of Execution (4DX), Integrated Risk Management, and Credit Skill Enhancement, Bank Guarantee and Trade Finance.

### **Model of Learning and Development 70:20:10**

This learning model was adopted by the company because it is quite ideal and in line with the conditions and business challenges of BNI. In this model, Experiential Learning has the biggest share of time, 70%. That means, an employee is believed to acquire the skills and competencies that high when obtaining considerable portion of experiential learning. Meanwhile the Social Learning and Formal Learning each are allocated for 20% and 10%.

### **Realization of Model of Learning and Development 70:20:10 [G4-LA10]**

<b>Development Method</b>		<b>Number of Class</b>	<b>Number of Participants</b>
Experiential Learning "70"	On the Job Training (OJT)	72	2,460
	In Service Training (IST)	72	2,460
	Short Overseas Assignment	1	4
Social Learning "20"	Coaching	58	1,639
	Mentoring	165	5,018
	Role Play	193	6,000
Formal Learning "10"	In-Class Learning	1,130	41,747
	e-Learning	43	136,021
	Workshop/Seminar	119	935
	Sertifikasi	64	1,200
	Konferensi/Kongres	5	11

### **Training based on Level of Employee [G4-LA9]**

<b>Level</b>	<b>Number of employees trained</b>
PGD	891
ASST	15,099
AMGR	7,762
MGR	2,688
AVP	906
VP	151
SVP, EVP, & SEVP	47
Total	27,544

## Learning Participation based on Academic, Certification and Strategic Initiatives

[G4-LA10]

Academy	Total Course	Class	Participant
Banking Operation Academy	23	108	3,217
Corporate Core Function Academy	68	174	37,967
Credit & Business Academy	71	205	22,501
Governance, Risk, & Compliance Management	49	124	79,322
Leadership Academy	47	120	9,139
Marketing, Sales, and Service Academy	68	220	13,970
Transactional Banking Academy	5	11	4,608
Treasury & Global Banking Academy	16	64	2,955
New Entry Academy	4	62	2,227
Professional Certificate	43	143	2,921
Strategic Initiative	98	130	1,087
Total	492	1,361	179,914

## Employment

**B**NI continues to be a work place proud by all employees. Therefore, the Company makes sure to comply with all relevant labor regulations. A harmonious relationship between management and employees is also a top priority.

In terms of quantity, BNI has always adjust the number of employees to the needs of the company's business operations. In 2016, the total number of employees increased by 4.87% to 28,148 people.

A total of 96.69% of employees are graduated from academy of higher. This shows a high quality of human resources of the Company. The level of education in 2016 is likely to increase over the previous year.

Number of employee based on education level [G4-LA10]

Education Level	2016			2015			2014		
	F	M	Total	L	P	Total	L	P	Total
Post-Graduate	3	3	6	3	3	6	4	1	5
Master	1,497	920	2,417	1,509	867	2,376	1,514	858	2,372
Bachelor	9,793	11,559	23,352	9,437	11,314	20,751	9,241	10,945	20,186
Academy	1,190	2,286	3,476	1,140	1,796	2,936	1,233	1,844	3,077
Elementary - High school	905	27	933	770	36	806	842	54	896
TOTAL	28,184			26,875			26,536		

Increase number of employee graduated with Bachelor degree

2.9%

Increase number of employee graduated with Master degree

1.73%

### Number of Employees Based on Hierarchy [G4-10]

Hierarchy	2016			2015			2014		
	M	F	Total	M	F	Total	M	F	Total
> VP	167	42	209	139	40	179	111	34	145
AVP	680	254	934	677	233	910	693	216	909
MGR	1,684	1,095	2,779	1,594	1,032	2,626	1,500	936	2,436
AMGR	3,989	3,784	7,773	4,031	3,754	7,785	4,143	3,848	7,991
ASST	5,834	9,620	15,454	5,340	8,957	14,297	5,277	8,668	13,945
PGD	1,035	0	1,035	1,078	0	1,078	1,110	0	1,110
TOTAL	28,184			26,875			26,536		

### Number of Employees Based on Employment Status [G4-10]

Employment status	2016			2015			2014		
	M	F	Total	M	F	Total	M	F	Total
Permanent	11,775	12,495	24,270	11,647	12,173	23,820	11,500	11,689	23,189
Non Permanent	1,614	2,300	3,914	1,212	1,843	3,055	1,334	2,013	3,347
TOTAL	28,184			26,875			26,536		

By gender, employee of BNI relatively in balanced composition. In 2016, the composition of male employee is 47.5% while female employee is 52.5%.

### Number of Employee Based on Gender [G4-LA10]

Gender	2016			2015			2014		
	M	F	Total	M	F	Total	M	F	Total
Male	13,389			12,859			12,834		
Female	14,795			14,016			13,702		
TOTAL	28,184			26,875			26,536		

### Number of Employee based on Age Group [G4-LA10]

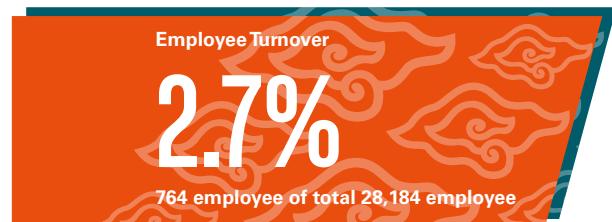
Age group	2016			2015			2014		
	M	F	Total	M	F	Total	M	F	Total
>50 years old	578	201	779	598	205	803	783	266	1049
>45-50 years old	1,931	1,108	3,039	1,643	841	2,484	1,628	829	2,457
>40-45 years old	1,512	1,287	2,799	1,634	1,420	3,054	1,694	1,459	3,153
>35-40 years old	2,640	2,462	5,102	2,760	2,320	5,080	2,805	2,379	5,184
>30-35 years old	1,449	1,509	2,958	1,281	1,346	2,627	1,325	1,436	2,761
>25-30 years old	3,897	5,716	9,613	3,785	5,570	9,355	3,805	5,727	9,532
≤ 25 years old	1,382	2,512	3,894	1,158	2,314	3,472	794	1,606	2,400
TOTAL	28,184			26,875			26,536		

### Number of Employee based on Generation

Generation	2016			2015			2014		
	M	F	Total	M	F	Total	M	F	Total
Baby Boomer	567	198	765	722	257	979	913	323	1,236
Gen X	6,291	5,068	11,359	6,460	5,215	11,675	6,606	5,378	11,984
Gen Y	6,531	9,529	16,060	5,677	8,544	14,221	5,315	8,001	13,316
TOTAL	28,184			26,875			26,536		

In the digital era, the composition of the employee based generation must be observed by business entities. BNI has identified this need by mapping the composition based generation. Employees in Baby Boomer generation and Gen X decreased respectively 21.86% and 2.71%. Meanwhile employees of Gen Y increased by 12.93%. The total composition of Gen Y is 56.98%. The quantity Gen Y in BNI is an indication of the Company's readiness to continue to grow and thrive in the digital age. BNI will also ensure the improvement quality of Gen Y in the Company.

Throughout 2016, employee turnover stood at 764 people or 2.7% of the total employees of BNI. The decrease of percentage of turnover is derived from the position of assistant. This is partly because in 2015, BNI began to implement the extension of the retirement age for employees at the level of assistant.



## Employee Engagement Survey

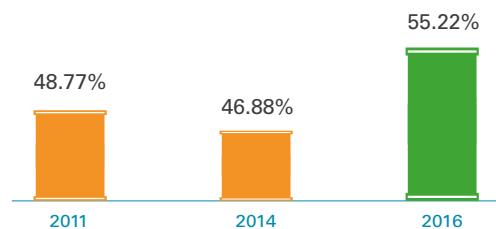
In 2016, BNI conducted the fourth Employee Engagement Survey (EES). Previously, the survey was conducted in 2010, 2011, and 2014. The EES aims to determine: (a) how much the employee has a positive sense to his work, (b) willingness of employees to get involved and devoted their energy to achieve the company's goals, and (c) appreciate the work accompanied by enthusiasm.

The 2016 EES engaged 26,293 employees of BNI (94.77% of total employees). As a result, the level of engagement of BNI is at the level of 55.22%, or at the level of Highly Engaged. This figure is significantly better compared with the industry standards that are currently at the level of 40%.

It was also revealed that there are six main drivers that significantly affect the engagement levels:

- Work climate,
- Infrastructure work,
- Reward and remuneration,
- Leadership,
- Policies and organization, and
- Work-Life balance.

### Engagement Level



## 98 Freedom of Association



**B**NI supports employees' freedom to unite, forming an association and voice their opinion. Through BNI Labor Union (SP BNI), employees dialogue and communicate with the Management. In 2016, 94.29% of BNI employees or 26,575 employee are members of SP BNI. And in 2016, 21 partnership meetings are conducted.

Representatives from the management of BNI and the Labor Union had signed the Collective Labor Agreement (CLA) to protect the rights and obligations of both employees and BNI. This CLA covers and protects overall rights and obligations attached to employees of BNI. This CLA will be renewed in 2017.

The CLA is made by 2 parties, BNI as Management and employees that are represented by the Labor Union. Each CLA is valid for two years and then is formed a renegotiation to determine the CLA for the next period. Until 2016, BNI still implements the 2015 CLA. Throughout the history of industrial relations in the company, BNI had signed six CLA (CLA 2001, CLA 2004, CLA 2006 CLA 2008, CLA 2011 and CLA 2015).

This year the Central Board (DPP) of SP BNI celebrates its 17<sup>th</sup> anniversary. The theme for this year's anniversary is "Integrity of Citizen of the Country". This theme recalls the integrity of the members of the SP BNI which is a key force to strengthen the company's performance.

Since its establishment on March 3, 1999, the DPP SP BNI always adhere the philosophy of Bhakti Swadarma Naga, which reflects the unyielding spirit in serving the nation and the state in particular BNI. All these can be seen from the existence of SP BNI that This is evident from the existence of SP BNI that provides relentless contributions, mainly to promote BNI through productive performance, integrity and professionalism.

The number of BNI employees who have worked for more than 15 years, 20 years to 30 years indicates that the employee is the backbone of the company, they become the life of the company, learning from the company, and always thinking of the progress of this company.

### Bety Ismawati Kulsum - Head of DPP SP BNI

"Through this theme, SP BNI invites people to uphold the value of integrity as a shield from negative effect that could ruin the quality of the mandate that we have received when working. Integrity is also interpreted as an act consistently in accordance with the values and code of conduct. In other words, integrity is the union of words with deeds. Integrity includes properties such as responsible, honest, keep the words, and faithful. So when talking about integrity, we will never be separated from the personality and character of someone with these qualities."

# Increase Engagement through Reward and Recognition System

99

The remuneration management strategy that was implemented in 2016 was based on the concept of FoR MoRe Benefit WE GO with below description:

FoR: Foundational Reward

Foundational Reward is a fix income that is received by every employee based on position and personal attribute.

MoRe: Motivational Reward

it is a component of reward given to increase employee's motivation to perform their best.

Benefit:

The Benefit component is a reward component given as efforts to provide convenience for employees.

WE: Working Environment

Providing comfortable working environment for employees, this is done because the company realizes that physical environment, social and psychological aspect can give impact to employees' performance.

GO: Growth Opportunity

The Company provides opportunities to employees to develop to optimize their potential and career.

## FoR MoRe Benefit WE GO

### FoR: Foundational Reward

### MoRe: Motivational Reward

### Benefit: Benefit

### WE: Working Environment

### GO: Growth Opportunity

The realization in developing and implementing remuneration policy based on FoR MoRe Benefit WE GO concept is implemented in stages started in 2016 by applying the Flexible Benefit program and Retirement Health Fund Program (DKMP) as part of the concept of 'benefit'. In 2017, the company is committed to implement this initiatives based on the FoR MoRe Benefit WE GO concept.

### Flexible Benefit

In 2016, BNI launched the flexible benefit as part of the program in providing benefits aligned with the FoR MoRe Benefit WE GO concept. BNI realizes that every employee has different needs, based on employee's stage of life. As a description, the major population of the current BNI employees is from Generation Y followed by Generation X and Baby Boomer Generation. This generation gap will of course, also affect the aspirations related to benefits needs to be obtained.

This aspirational difference cannot be accommodated by the previous benefit scheme that applied the concept "One Size Fit for All", where every employees were given the same benefit based on their positions. As its enhancement, Flexible Benefit offers flexibility to every employees to define their own benefits based on their needs.

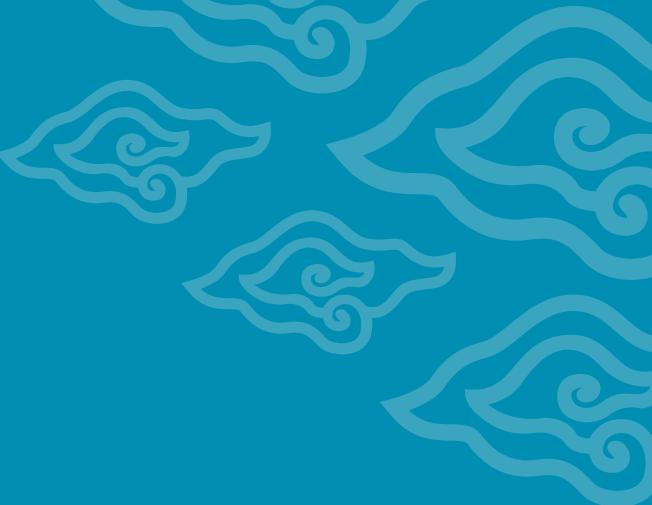
### Retirement Health Fund (DKMP)

Retirement Health Fund is a program aim to assist employee to prepare their health fund during their retirement. The Company realizes that health is the basic human needs throughout their entire life, including when employees entering their retirement period. During their active period, every employee receives health facility from the company. This DKMP Program is a form of moral obligation of the Company to ensure that every employee receives health facilities after they are retired by preparing it since now or since the employee is still active.

# 07

## Customer's Preferred Partner





**BNI is committed to be an excellent financial institution in serving customers' financial needs as lifetime financial planner, by providing total financial solution.**

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# Testimony from 102 Customers about BNI

**"I miss working together with BNI, because I share the same dream with BNI. We are sailing on the same boat. BNI and I are sailing towards the shore. There is the same anchor, that connects our boat," BNI Provides the Service with Heart and Love.**

BNI is a bank that sensitizes over the needs of its customers, even to the remote areas. BNI always shows its sincerity and seriousness by providing services with heart and love. I really felt that."



**Anne Avantie**  
Designer

**"In 1980, I started my loan to BNI. It was positive. Since then, until now, I still have a good relationship with BNI.**

Everything is already good in BNI. If I may give a suggestion, the innovation that still needs to be conducted by BNI is to decrease its interest. In that way, new emerging enterprises will not be burdened with the interest."



**H. Syafruddin Datuk Pangeran**  
Owner of Hotel Pangeran Beach Padang

**"BNI has always been my choice in conducting banking transaction. I really look forward to welcome the future innovation of banking services provided by BNI."**

To be part of the first campus in Indonesia, Prof. Muhammad Anis has trusted his banking transaction to one of the oldest state-owned bank in this country, BNI. He became the customer of BNI since he was a student at Faculty of Technique University of Indonesia (FTUI) in 1977. "At that time, I was a customer at BNI KCU Menteng, near Cut Meutia Mosque and towards Plaza Bapindo."



**Prof. Dr. Ir. Muhammad Anis**  
Rector of University of Indonesia

**"SCF has become solution for Superindo suppliers to obtain working capital access.**

By joining this facility, our suppliers can grow their own business and get bigger chance to improve their business scale.

Thank you BNI!"



**Yustinus Kristianus**  
Div. Head Finance & Tax Superindo

# Customer Satisfaction

In order to improve customer satisfaction, BNI Contact Center conducted a periodical independent customer satisfaction survey to understand the needs and expectation of customers over the services of BNI Call 15000046. It is seen from the result that the customer satisfaction index has increased from 3.86 in 2013 to 3.98 in 2015.

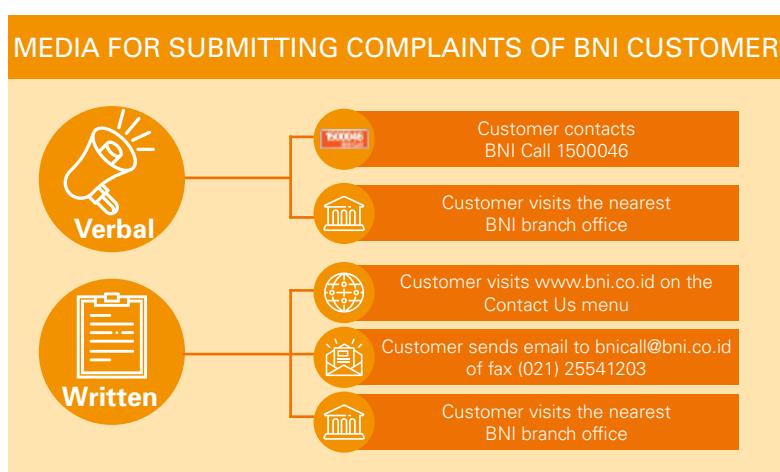
Aside from that, BNI also plays a role in strategic asset unit, by providing several insights to other divisions in increasing products, features and excellent services to customers.

Along with the development of the Financial and Technology, BNI Contact Center will continue to increase easiness of customer access and cost efficiency in telecommunications through the development of Live Chat service and Tap To Call so that customer satisfaction over the service of BNI Call 1500046 will continue to increase.

# Complaint Handling

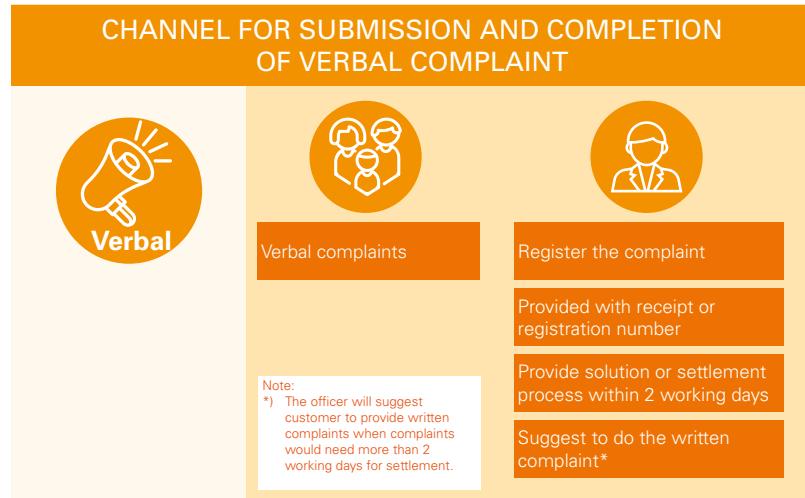
BNI Contact Center as one of the frontline of BNI in providing service for our customers, has always continued to strive to provide the best service, including the settlement of any customer complaints both for banking and credit card services. BNI Contact Center's commitment to continuously improve the quality of service for customers is realized through standardization of quality of service by obtaining ISO 9001: 2015 by the end of 2016.

The workflow for resolving complaints by BNI's customers is available at BNI website at [www.bni.co.id](http://www.bni.co.id) on the BNI Call 1500046 icon. Customers of BNI have a choice of access to resolve their complaints through verbal or written media.



Solution of settlement for verbal complaints is maximum of two (2) working days. If the settlement of verbal complaints requires more than 2 (two) days, then

the officer will advise the customer of BNI for filing a complaint in writing.



In terms of written complaint, documents that the customer needs to prepare are:

1. Statement letter explaining the problem faced by the customer (compulsory)
2. Copy of customer's or representative of customer's identification number (compulsory)
3. Supporting documents such as:
  - a. Proof of deposit/withdrawal/transfer or other banking activities related to the complaint
  - b. A copy of savings/checking account belonged to customers and/or their representatives
  - c. The power of attorney client represented (if not the customer himself who filed the complaint)

- d. Documents from the authorities (if the customer representative is an institution/legal entity)
- e. Other documents required

Written complaints resolved within 20 (twenty) working days, and under certain circumstances can be extended up to 20 (twenty) working days. In accordance with Bank Indonesia Regulation (PBI) No. 10/10/PBI/2008 dated February 28, 2008 concerning amendment of PBI No. 7/7/PBI/2005 on Settlement of Customer Complaints that BNI will provide information to customers when needed extra-time completion.



Based on Circular Letter from FSA (SE OJK) No.2/SEOJK.07/2014 issued on 14 February 2014, BNI will provide settlement information related to customers complaints through phone, email, letter or short message service.

If customers felt the solution provided by BNI is not sufficient enough, the customers can continue the complaints settlement using mediation services

provided by Bank Indonesia, Financial Service Authority or Alternative Dispute Resolution Institutions.

BNI Contact Center is supported by an application for integrated complaints handling of Online Request Management so that the receiving of complaints and process of resolving the customers complaints can be performed by using the application thus it will ease the monitoring the settlement status of customers complaint.

#### **Customers' Complaint Data Based on Medium**

<b>Media Complaint</b>	<b>2016</b>		<b>2015</b>		<b>2014</b>	
	<b>Banking</b>	<b>Credit Card</b>	<b>Banking</b>	<b>Credit Card</b>	<b>Banking</b>	<b>Credit Card</b>
Mass media (Newspaper)	-	5	1	9	98	3
Electronic media (Online)	4	16	-	22	11	36
Social Media	82	50	44	88	94	68
Mail/Fax	-	32	-	68	3,873	2
Email	-	1,709	16	1,549	853	619
Phone/Branch	190,023	66,423	138,657	74,094	166,047	77,467
Others	-	358	-	257	-	257
Total	190,109	68,593	138,718	76,087	170,976	78,452

#### **Settlement of Complaints [G4-PR5]**

<b>Type of Complaints</b>	<b>2016</b>					<b>2015</b>				
	<b>Total</b>	<b>On Progress</b>	<b>%</b>	<b>Settled</b>	<b>%</b>	<b>Total</b>	<b>On Progress</b>	<b>%</b>	<b>Settled</b>	<b>%</b>
Banking	190,109	6,708	3.53%	183,401	96.47%	138,718	5,139	3.70%	133,579	96.30%
Credit Card	68,593	1,938	2.83%	66,655	97.17%	76,087	4,128	5.43%	71,959	94.57%
Total	258,702	8,646	3.34%	250,056	96.66%	214,805	9,267	4.31%	205,538	95.69%

#### **Customers' Confidentiality**

BNI ensures the confidentiality of customer data. Related to guarantee to protect the consumers, the Company refers to POJK 1/POJK.03/2013 on Consumer Protection Financial Services Sector. The Principles of Consumer Protection in the Financial Services Sector in BNI stated in the following terms:

- IN/199/EBK/001, dated 30-03-2016, on Protection of Customer Data.

- IN/0/SPE/001, dated 02-02-2016, on Protection of Confidentiality of Customer Data.
- IN/784/PDM/001, dated 17-12-2014, on the Account Opening Form.

# 106 Compliance

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**B**NI is a financial institution that performs activities based on the principles of trust, to be able to grow in a healthy and sustainable foundation of good corporate governance required strong and applying the principles of prudential banking consistently, one of which is through the implementation of bank compliance.

Based on the above understanding, BNI has targeted one of the company's targets into the fifth mission of the Company namely "Becoming a reference implementation of compliance and good corporate governance for the industry". Based on the mission of the company, implementing compliance will not only meet the regulatory compliance but also an organization's needs. Thus compliance must be built into a culture that is internalized and organized.

In order to promote the establishment of compliance culture in all organizational units, BNI has compiled a Compliance Awareness program, Compliance Training and Test Understanding the internal provisions intended that every employee has the awareness, understanding and concern for the application of the compliance culture in all aspects of operational activities.

To measure the realization of a culture of compliance, the Compliance Division has developed a tool called Compliance Index (CIX) and the implementation of the Compliance Committee. CIX is a value that indicates the level of compliance of a unit which is measured by parameters and specific criteria related to compliance, the frequency of fraud occurrence and negligence cases along with the nominal losses, the frequency of following sanctions imposed along with the nominal fines, as well as the degree of completion of the follow-up on their commitment to internal and external examination results.

Compliance Awareness Program has been implemented, which aims to increase employee understanding of the importance of the implementation of compliance,

understanding of banking regulation, the application of APU-PPT program, the risks of compliance, anti-fraud strategy as well as fraud prevention. Media for compliance awareness of socialization/classical training, e-learning, video conferencing and internal media (BNI Forum and Portal KnowMe).

In 2016, the Compliance Division has conducted socialization on: Fraud Awareness, Credit Compliance Review, Compliance Index (CIX), Enterprise Fraud Management (EFM), Compliance Culture Awareness, Rules/Regulations from the authority (POJK and SEOJK), and the Anti-Money Laundering and Combating the Financing of Terrorism. Socialization is communicated to all employees and organizational units concerned.

SOP Comprehension (of understanding) test has also been carried out in order to improve and ensure the implementation of a culture of compliance, the Compliance Division along with related units held comprehension test for employees on policies and procedures that guide the banking activities. The SOP and employees test will be determined by risk based, both based on the review of the Compliance Division, the findings of SPI or irregularities/fraud that occurred.

BNI conducted the assessment of the compliance risk profile in composite which includes an assessment of the inherent risks and an assessment of the quality of the implementation of Risk Management thus reflecting the risk control system compliance. Based on composite, Risk Profile Compliance of BNI in 2016 is at the level 2 (low to moderate).

**BNI inherent risk in 2016 was at level 2 (low to moderate)**

**Quality of the Implementation of Risk Management was at level 2 (satisfactory)**

# Inclusive Banking and Financial Literacy

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In order to support the realization of inclusive banking products, the bank has issued several products. Most of the product is launched in collaboration with various institutions. Those products are:

- Kartu Jaring intended for the fishermen, in cooperation with the Ministry of Maritime Affairs and Fisheries.
- Kartu Lentera issued for fisherman in Batam, in cooperation with Bank Indonesia
- Documenting Indonesian migrant workers in Singapore in cooperation with the Ministry of Foreign Affairs through the issuance of Indonesia Singapore identity cards (KPIs).
- Simpanan Pelajar (SimPel) in collaboration with the Indonesia Financial Services Authority (Indonesia FSA). In this matter BNI has received MURI record by issuing 10,000 SimPel cards simultaneously in Makassar.

A complete table below shows the variety of BNI savings products that reach various customers inclusively [G4-FS7].

Support in the form of services to government and regulatory programs have also been carried out perfectly, among others, with support for literacy and financial



inclusion ie Smart Behavior and Digital Financial Services and SiMolek car program in addition to direct financial education to the Indonesian Workers in both Hong Kong and in the area of origin, socialization of Tax Amnesty in various locations, social assistance programs, e-shop KUBE, cooperation with BUMDES (village-owned enterprises), Jaring program (Reach, Synergy and Guidelines), the issuance of Kartu Lentera and Social Welfare Card (KIS) as well as distribution KUR program.

Services for State-Owned Enterprises and other government institutions are also implemented in a comprehensive manner from upstream to downstream in the form of investment management, financing transactions, cooperation issuance of debit/credit card co-brand, the distribution of consumer credit, cash management and employee/membership card issuance.

Type of Product	Amount of funding (million rupiah)	Composition
Tabungan Plus (Taplus)	78,955,305	53.3%
Taplus Bisnis *)	35,875,355	24.2%
Taplus Muda *)	1,550,855	1.0%
TAPPA	5,038,043	3.4%
Tapenas	2,573,816	1.7%
Taplus Anak	2,424,224	1.6%
Simpanan Pelajar (SimPel)	23,261	0.0%
Tabunganku	2,254,026	1.5%
BNI Pandai	118,355	0.1%
BNI Dollar *)	12,089,105	8.2%
Emerald Saving	6,034,042	4.1%
Other Government Programs	800,189	0.5%
Others	492,908	0.3%
Sub Total	148,229,484	100.0%
Tabungan Haji Indonesia	918,853	
Total	149,148,336	

Note: Taplus Bisnis: TABI Perorangan dan Non Perorangan  
BNI Dollar: BNI Dollar Individual and Company  
Other Government Programs: Tabunganku – Indonesia Pintar, Indonesia Pintar (Simpel PIP)  
Others: TKI Plus (Piloting) Kartu Plus, Kartu Co-branding, Tokesra, Tabungan Mikro, and Simpanan Mikro

BNI develops an innovation targeting the disabled customers. Innovation was created in the form of audio-based Automated Teller Machine (ATM) - called Talking ATM or Dialogue ATM for those bearing the visually impaired. Talking ATM service was introduced in Papua region on May 7, 2016 at ATM Gallery KC Entrop Jayapura, Papua.

In the Talking ATM, the touch screen specification is equipped with audio engine in the form of handsets for customers with visual impaired. Through the headset, customers will be exposed to instruction for banking transactions, such as balance inquiries and cash withdrawals in a certain amount, and change the PIN account. In addition, all the letters on the keypad ATM is also printed using Braille.

With the Talking ATM, vision limitations now no longer become a problem in pursuing banking transactions. In the early stages, this new ATM services is available at ATM Gallery KC Entrop Jayapura, Papua, then to be adjusted to the needs in



**BNI ATM for the Blind arrives in Jayapura [G4-FS14]**

the working area of Papua. ATM Blind in Jayapura complements ATM for persons with disabilities which has been available in some locations.

BNI and the Regent Government of Banyuwangi, East Java had worked together to develop an online website to support the marketing products of micro, small, medium enterprises (MSMEs) and to promote tourism packages in Banyuwangi. The online website launched is Banyuwangi-Mall.com

The launched of online market of Banyuwangi-Mall.com was conducted in Banyuwangi on April 20, 2016 by Regent of Banyuwangi, Abdullah Azwar Anas and President Director of BNI, Achmad Baiquni. The inauguration was witnessed by Minister of State-Owned Enterprises, Rini M. Soemarno.

Previously, BNI had trained more than 250 partners to access the online market. Training was conducted simultaneously in Jakarta, Bandung, Yogyakarta, Denpasar and Kemasan.

All activities were conducted to provide skills to BNI's partners in facing the globalization of digital marketing. The new market opened in cyber world will strengthen the business of MSMEs to expand the business. Strong MSMEs will lead to the dynamic moves of Indonesian economy and would prevent the increase of unemployment.

BNI believes that the online market of Banyuwangi-Mall.com will give positive impacts towards the increase and empowerment of sectors of MSMEs, tourism, and other potential sector in Banyuwangi. The Regent Government of Banyuwangi has also provided opportunities to MSMEs



**Banyuwangi-Mall.com, marketing the products of SME's from Banyuwangi**

in Banyuwangi to utilize the online market of Banyuwangi-Mall.com to widen their marketing area.

To ease the transaction, domestic as well as international, this site is also equipped with online payment solutions by using BNI e-payment facilities such as BNI Debit Online, BNI SMS Payment, BNI Virtual Account Payment, BNI Credit Card, and other payment methods that will be developed by BNI in the future.

# “Saving Yes, Drugs No” Movement

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Mulailah menabung untuk meraih impianmu

**SimPel**  
Simpanan Pelajar

**NABUNG YES, NARKOBA NO!**

**STOP NARKOBA**

BNI SimPel  
BNI berlakuk dan selamat dalam Devisa Jasa Keuangan

QK QDRIKSI KELUARGA AYO

**BNI**  
Melayani Negeri, Keterpuguan Bangsa

National Narcotics Agency (BNN) is more intensive in conducting socialization to prevent the abuse of drugs in various regions in Indonesia and to various sectors including in the financial sector where an MOU between the FSA and the BNN on August 19, 2016, to jointly conduct drug prevention in among students considering Indonesia is currently in a state of drug abuse emergency.

Following up on this MOU, BNI incorporation with BNN and Foundations of Alumni SMAN 1 Jambi Year 82 organize anti-

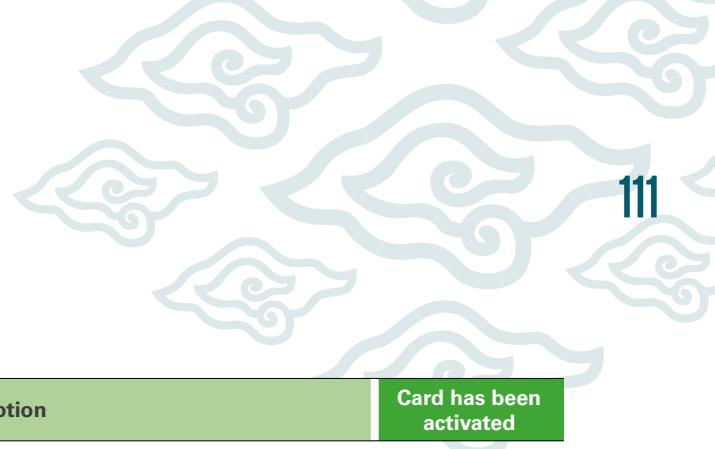
drug educational campaign and dissemination of the culture of saving in SMPN 49 and SMAN 100, with the hope that through the anti-drugs educational campaigns may increase the awareness of students from the dangers of drug abuse, and prevent dissemination of abuse of narcotics and education campaign is accompanied also with socialization “Saving Culture” among students as a series of programs of Financial Inclusion for All. This is in accordance with the BNI that carried the tagline “Saving Yes, Drugs No!” To the younger generation for a better Indonesia.



# Highlights of BNI Financial Inclusive Products

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Product	Description	Amount (billion rupiah)	Account (Unit)
<b>Savings</b>			
BNI Pandai	Personal savings with easy and light requirements issued by BNI which have the characteristics of basic savings accounts (BSA) and can be opened through the BNI branch office or through BNI Agent46	116,355	1,205,105
Tabunganku	Personal savings, published jointly by banks in Indonesia in order to foster the culture of saving.	2,245.9	992,543
BNI Simpanan Pelajar (SimPel)	Saving for students published nationally by banks in Indonesia, with easy and simple requirements and features of interest, in the framework of education and financial inclusion to promote the culture of saving early.	23,261	244,231
<b>Social Donation to Ministry of Social Welfare</b>			
Indonesia Smart Program (PIP)	Indonesia Smart Card (KIP) is a cash assistance education to school-age children (ages 6-21 years) who come from poor families, vulnerably poor: Owner of Family Welfare Card (KKS), participants of the Family Hope Program (PKH), orphans, persons with disabilities, victims of natural disasters/calamities.	1,258.01	1,655,080
Family Hope Program (PKH)	Social protection programs that provide cash assistance to Very Poor Households (RTSM)	199.00	591,646
Assistance for ex-East Timor	Granting financial compensation to residents of the former East Timor	276.87	27,687
Family Welfare Savings (TSKS)	Incentive for social labor at district level	13.92	6,961
Salary for Assisting Family Support	Providing incentives to the assistant family support program	0.12	115
Family Support	Social protection programs for elderly people who are still able to carry out productive activities	1.48	983
Companion of KUBE Rural (Business Group)	Providing incentives to KUBE Rural	0.51	558
Companion of KUBE Urban (Business Group)	Providing incentives to KUBE Urban	0.50	206
Pesisir	The distribution of social assistance to community groups of small islands and coastal area consisting of social rehabilitation, uninhabitable home (RS-RTLH) and environmental facilities	29.61	14,807
<b>Loan</b>			
FLPP	Housing Liquidity Financing Facility (FLPP) to the MBR (Low Income Communities) whose management is implemented by the Ministry PUPR. With the purpose of: (a) BNI as a State Owned Bank has an obligation to participate and provide solutions mainly to the MBR who do not have homes with affordable installments; (B) Achieve an active role to provide Indonesia's public welfare to establish a decent home, especially MBR; (C) In an effort to improve BNI service in providing housing loans with a simple procedure but without eliminating the precautionary principle.	436.18	5,900



Product	Description	Card has been activated
<b>Supporting Infrastructure</b>		
Kartu Bantuan Sosial   Social Aid Card	Kartu Bantuan Sosial is one of the BNI Debit card products that are used for the distribution of government programs (bansos).	633,343
Kartu Tani   Farmers Card	Kartu Tani is one debit card products that are intended for segments of Indonesian farmers. Which functions as a debit card also functions as a media reception from government subsidies and social aid.	4,620
Kartu Indonesia Pintar   Indonesia Smart Card	Debit card that can be used as a marker to assure and ensure that all school-age children (6-21 years old) from the family of the holder of the PSC to benefit Indonesia Pintar program. if enrolled in school, Madrasah, Boarding Schools, Study Group (Packet A/B/C) or the Institute for Training and Classes.	171
Kartu Jaring   Fishing Nets Card	Net card is one of the debit cards used to deliver social assistance from the Ministry of Maritime and Fisheries to target the people who live in coastal areas/fishing.	1,201

## Social Assistance & Non-Cash Subsidy

BNI get the largest portion provided by the Ministry of Social Affairs, with the regional distribution includes Java, Bali, and Papua. That's why BNI makes this opportunity as an attempt to continue to grow and develop, becomes a leader for other banks that are members of the Association of State-Owned Bank (HIMBARA). Moreover, through Agen46 scattered throughout Indonesia, BNI is confident to be able to raise its inclusive finance among the society that are unbankable.

Social assistance which intensified was the Family Hope Program (PKH) through Family Welfare Card (KKS) BNI. PKH is prioritized to improve the quality of life and well-being of low-income families through the provision of assistance to conditionally obtain medical care, education, and social welfare. Looking ahead, the PKH recipient will also receive the Rastra aid or food and other subsidized programs, as to reduce poverty and social inequality.

PKH is targeting assistance to low-income families who have pregnant women, infants, children who are still undergoing education at elementary, junior high, high school level, with severe disability, and seniors over years and over. Until 2015, the PKH has reached 3.5 million Family Beneficiaries (KPM) and increased to 6 million KPM in 2016. Meanwhile Rastra program which began to be intensified in the year 2017 will focus on food aid and LPG gas, with the 'channel' store grocery/e-Warong as channeling aid.

Within a year the KPM will receive aid distributed by 4 stages. In stage III and IV are starting to be delivered by the end of 2016, Ministry of Social Affairs through the BNI will deliver the aid in the area of Java, Bali, and Papua from a total of 20 provincial and 68 district determined by Kemensos.



## 112 Toll Acceptation Program



**Paying Toll with TapCash  
Faster and more Practical**

**BNI tapcash**

It is an integration program of BNI TapCash with each toll roads so it can be used for toll payment, as an expansion of acceptance transaction. Toll acceptation is already integrated with the payment system so that it can use TapCash to make payments of toll tariff.

Payments can be made in 12 toll road sections: (1) Toll Inner City - Priok; (2) Toll Jakarta Outer Ring Road; (3) Toll Meruya Ulujamai; (4) Toll Inner City - Sedyatmo; (5) Toll Jakarta - Cikampek Open; (6) Toll Jakarta - Cikampek

Closed; (7) Toll Purbaleunyi; (8) Segment Kanci - Pemalang; (9) Toll Semarang - Bawean; (10) Toll Bogor Outer Ring Road; (11) Toll Cirebon; and (12) Toll Jakarta, Tangerang.

The total toll transaction until December 31, 2016 was 660,512 transactions, with the highest transaction occurred in December reported up to 148,894 transactions.



Innovations have been made by BNI on many services to accommodate customers' needs. One of them is mobile service outlets, in the form of vehicles specifically designed to facilitate banking transactions for the customer at anytime and anywhere, which also supports the sales of BNI products and services. BNI Mobile Service (BLG), will visit one location or public places that require direct benefits of BNI banking services.

#### Objective of BLG:

- Provide BNI's modern and mobile services banking.
- Promotional media and an increase of BNI brand awareness to customers.
- Creating an entry point in potential area for business that has not been covered by BNI

#### Types of BLG include:

- BLG with ATM facilities

Serving banking transactions with the availability of bank officers i.e. Teller and Customer Service (CS), equipped with ATM facilities. Currently there are 64 units of BLG ATM facility which has been operating since 2008, equipped with ATM facilities distributed in various branches. Especially for BLG Mini, the new BNI has 1 unit BLG Mini operated in KC Kotamobagu (Manado region) which has been operating since the end of 2015. BLG Mini is specially designed using a mini-van which can be used in rural areas.

- BLG Without ATM

Is a BLG with Teller and CS officers, but not equipped with ATM facilities. Operated since 2010, BNI has 11 units of BLG without ATMs in several branch.

- BLG Gallery ATM

This type of BLG only serves ATM transactions, without having a Teller and CS services. BLG Gallery ATM is composed of several units of ATM, such as ATM Pull Cash, non-cash ATMs and Cash Deposit ATM.

BNI currently has 3 units of BLG ATM Gallery which is located in the Region Jakarta Senayan, Region Jakarta Kota, and Region Bandung; and has been operated since 2013. This type of BLG is widely used in several major events such as the Java Jazz, Inacraft, as well as payroll salaries in some institutions.

- BLG 4-Wheel Drive (4WD)

BLG type is specially designed using four-wheel drive vehicle that can be used to visit difficult to reach area such as plantation or mining areas. BLG 4WD is composed of one Teller officer and one CS, without ATM facilities. Since the end of 2014 until today, the BNI has 3 units BLG 4WD operated in KC Rengat (Region Padang), KC Kotabaru P. Sea (Region Banjarmasin), and KC Toli-Toli (Region Manado).

# 114 BNI Digital Credit

Currently, the development of digital technologies has been growing rapidly and has touched every business sector, including the banking sector. This is an opportunity and challenge for the bank to continue innovating to become the leader of digital-based services Bank. BNI has designed a roadmap implementation of digital-based Small Business through BNI Digital Credit.

BNI Digital Credit is one of the digital service that BNI launched to facilitate customers in terms of business credit application. The customers only need to fill the loan application form via e-Form via <https://eform.bni.co.id> sites. BNI Digital Credit is intended to facilitate all Micro, Small and Medium Enterprises (SMEs) to remote areas that are connected to the Internet network and can access it online either through a computer, laptop, or smartphone.

## BNI Digital Credit Products

### 1 BNI Kredit Usaha Rakyat (KUR)

This product is intended for entrepreneurs that never have a productive loan in another bank. If the business has already been operated for a minimum of 6 months, the customer can apply for the product with several features such as:



Micro credit KUR up to IDR25 million



Tenor for 5 years



Without collateral



Competitive interest

### 2 BNI Wirausaha (WBU)

For business customer that owns a business for a minimum of 1 year, and requires higher capital limit can apply for BNI Wirausaha (WBU) with features:



Credit up to IDR1 billion



Tenor up to 10 years



Collateral in the form of land certificate or licensed building



Competitive interest



Ability to take-over from another bank

### 3 BNI Fleksi

BNI Fleksi is credit without collateral (KTA) given to employees that is still active and has fixed income for consumptive needs.



Quick process



Low interest rate starts from 0.74% flat/month



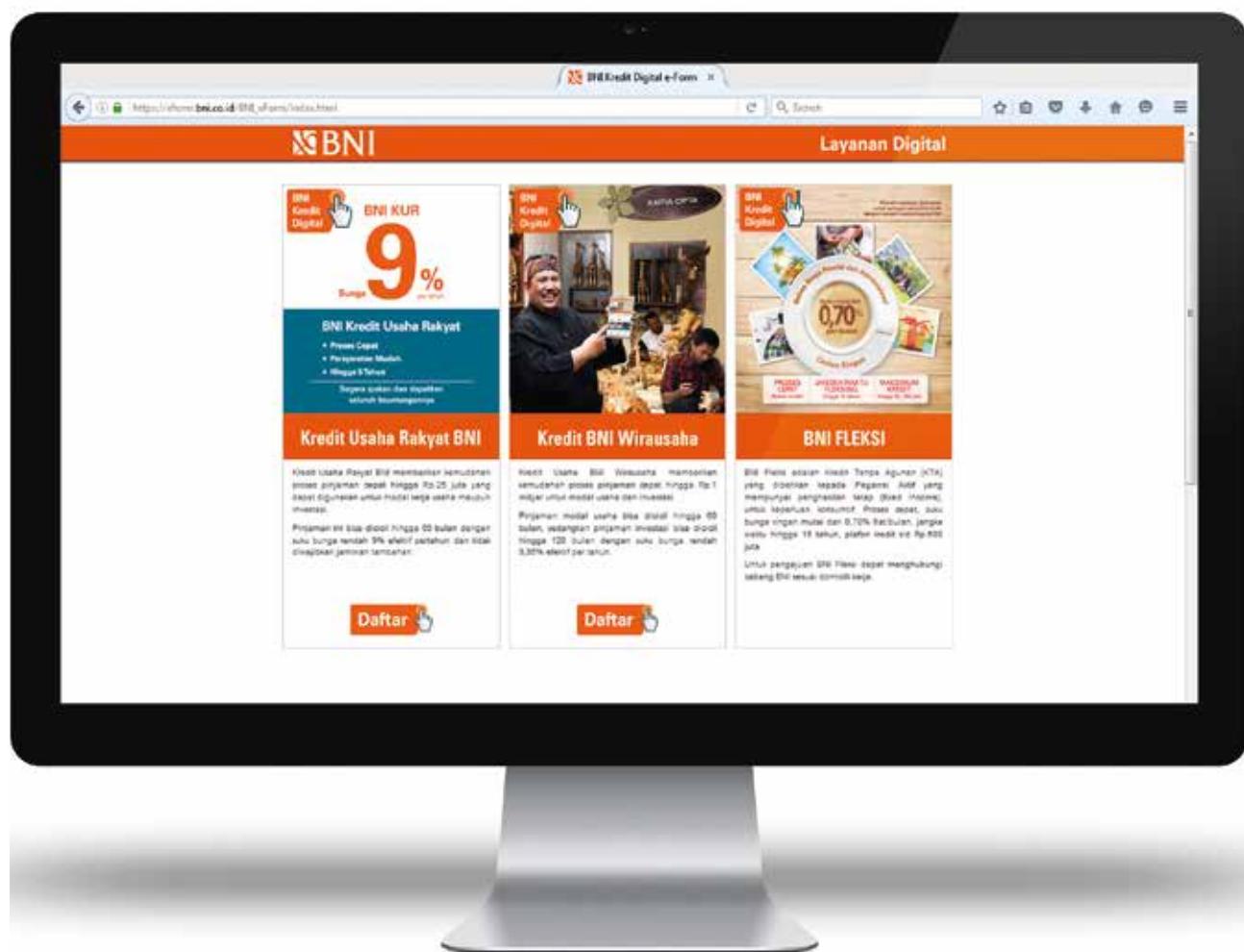
Tenor up to 10 years



Maximum credit platform IDR500 million

Through Digital Credit BNI services, all activities are designed to be more effective and efficient. Customers who want to apply for credit does not have to visit and fill in an application form at BNI branch. The presence of BNI Credit Digital services make society from all level without exception can access BNI services. It is expected to open up new opportunities for SMEs to become debtors fast and easy.

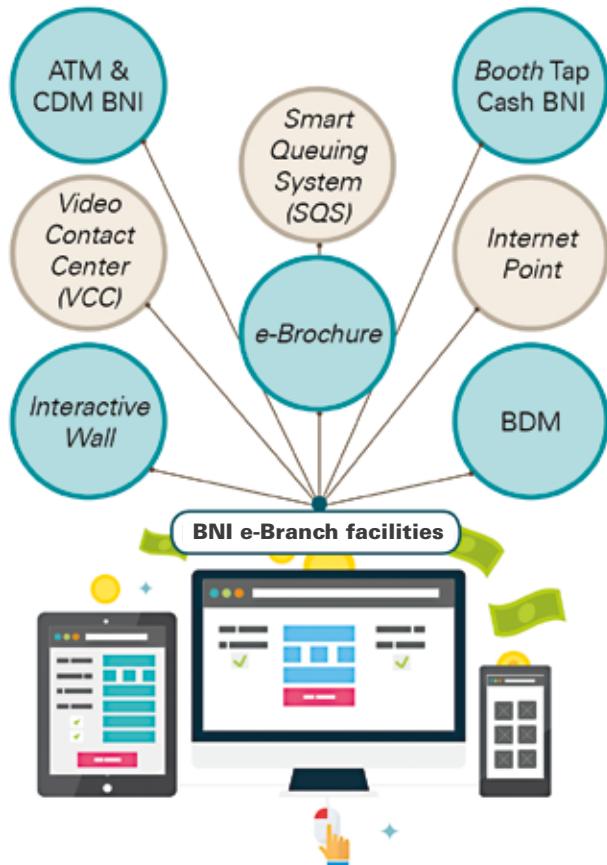
Credit application via BNI Digital Credit service has also been introduced throughout Indonesia. In addition to the media campaign, the BSL Division also conduct online marketing training with the Indonesian Chamber of Commerce, in cooperation with the KMP Division conducted training for Partners from BNI Partnership and Community Development Program, and also with some large e-commerce platform in Indonesia.



**A**long with the trend of the digital era, BNI has started to provide services with a digital concept both for customers and non-customers. It includes banking services such as account opening, deposits, withdrawals, transfers, or product information services and digital promotions including direct interaction with Contact Center officer.

According to Strategic Policy 2016, one of the BNI strategies related to Network Management Division is to implement digital services to increase sales and customer interaction. BNI opens digital services called 'BNI e-Branch' in KLN Pondok Indah Mall 2, South Jakarta.

BNI e-Branch Pondok Indah Mall 2 is located in an area of approximately 204m<sup>2</sup>. With digital services, it is expected to accommodate customers needs, especially Gen Y or IT Minded people, with the support of front-liners such as Customer Services, Security Unit, and Head of KLN as well as several sales person. As for Teller service is replaced by machines such as ATM/CDM/Non- Cash and Banknote Deposit Machine (BDM).



## BNIDirect

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**T**o support business growth in line with the company's vision that is to make BNI as a financial institution that excels in service and performance, as well as to meet the ease and convenience of customers, the bank has prepared the best Financial Solutions. Financial Solutions here is an internet banking platform named BNIDirect designed for corporate customers and institutions. BNIDirect can facilitate customers to settle operational payments effectively, efficient, real-time online, without neglecting the security aspects of transactions as it has met international safety standards of corporate e-banking. BNIDirect can be accessed via a web service <https://www.bnidirect.bni.co.id>.

The strength of BNIDirect in providing service to the customers is based on its service features that have been adapted to the needs of multinational companies for cash management. It certainly can be an effective solution to increase the efficiency of managing financial transactions for business in Indonesia.

BNIDirect services are intended to provide services to ensure major clients where they always get the best solutions as well as end-to-end solutions.

Thanks to BNI's commitment to offering excellent solutions and services, in 2016 BNI was awarded Best Local Cash Management. This award was received by BNI for 6 years, based on an online survey conducted by AsiaMoney magazine.

Agen46 BNI is a partner in providing banking services to the public in the context of inclusive finance. Besides BNI partners in the provision of a wide range of banking services, Agen46 also has role in government programs, such as the distribution of relief aid or subsidies, can be either cash or non cash. Through Agen46, banking transactions becomes easier, faster and easily accessible by the surrounding communities.

Currently BNI has had 30,860 Agen46 in Indonesia as arm extension of the bank and still growing. Agen46 becomes the capital for BNI to reach the unbankable community, as well as to assist in distributing social aid and non-cash subsidies in a number of areas.





08

## Being an Exemplary Practice in Sustainable Corporate Governance

**Improvement in Good Corporate Governance practice in BNI in 2016 was inseparable from the commitment of BNI employee in implementing Good Corporate Governance as foundation for the Bank business, including the concept of TARIF consisting Transparency, Accountability, Responsibility, Independence, and Fairness.**

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# 120 Accurate and Effective Risk Management

Active Supervision from Board of Commissioners and Board of Directors

Adequacy of Policy, Procedure, & Limit Determination

## Four Pillars of Risk Management

Adequacy of Identification, Measurement, Monitoring & Risk Control Process as well as Risk Management Information System

Internal Control System

The four pillars of risk management has been implemented consistently in BNI. It enables BNI to effectively control company risk.

and Asset & Liability (ALCO) Meeting, and Credit Policy Committee Meeting (KKP) and Credit Procedure Meeting (KPP).

### 1. Active Supervision from Board of Commissioners and Board of Directors

Active supervision from BoC is implemented by means of approval and evaluation of risk management policy established by BoD. Periodically BoC conduct risk management policy implementation in BoD and BOC Meeting (Radikom) as well as in Risk Monitoring Committee (KPR) Meeting.

Active supervision from BoD is implemented among others by establish, approve, and implement as well as evaluate risk management policy and procedure, during BoD Meeting, Risk & Capital Committee for Risk Management (KRK) Meeting, Risk Committee

### 2. Adequacy of Policy, Procedure, & Limit Determination

Risk management policy is the basic reference that has a strategical role in risk management implementation in BNI, while risk management procedure is an ordinance that became guidance in performing risk management functions. Risk Management Policy in BNI includes: (a) Risk Management Implementation General Guidance, (b) Risk management policy for eight bank risk type, (c) Risk Profile Assessment Policy, and (d) Internal Control System Guidance.

In the implementation, Risk Management Policy is outlined in Risk Management Procedure. Several limits regarding credit risk, market risk, and liquidity risk has been determined for BNI as one of risk control method and periodically reviewed with approval to BoD level through committee meeting or by circulation to BoD in accordance with the level of authority.

### **3. Adequacy of Identification, Measurement, Monitoring & Risk Control Process as well as Risk Management Information System**

Risk Management Process in BNI, which includes risk identification, measurement, monitoring and control to eight type of risk, has been supported by Risk Management Information System.

Risk analysis is done quantitatively and/or qualitatively according to measurement method employed by the regulator or using an alternative method (internal method) for a method that yet specifically determined by the regulator. In anticipating the occurrence of an extreme condition, risk measurement in BNI has also been completed by stress testing to measure credit risk, market risk, and liquidity risk.

Risk monitoring is conducted by risk taking unit as the risk owner as well as risk control unit, and the result of monitoring will be presented in a periodical report including Loan Portfolio Report, Market Risk and Liquidity Risk Monitoring Report, Operational Risk Self Assessment Report, Internal Risk Report, and Risk Profile Report.

Some applications of risk management have also been prepared to support the implementation of the risk management process timely and accurate among others Credit Risk Management System (CRMS), Internal Rating System, Scoring System, Operational Risk Tool (PERISKOP), market risk management applications, etc.

### **4. Internal Control System**

Internal Control System in BNI is developed and implemented using Three Lines of Defense model. Risk owner as the first line of defense/risk taking unit who conduct risk management in its business and function on a day-to-day basis.

Bank Risk Management Division, Governance Policy Division and Compliance Division act as the second line of defense/risk control unit with the responsibility to Company's Compliance and Risk Director.

Internal Control Unit, serve as the third line of defense/ risk assurance unit, is responsible for President Director and function to independently evaluate the conformity between risk management implementation and internal control system with established policy and procedure as well as requirements from the regulator.



BNI Overseas Branch Office in Hong Kong



BNI Overseas Branch Office in Singapore

# 122 Good Corporate Governance (GCG) in BNI

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The main aim of corporate governance in BNI is to guarantee the fulfillment of the rights of the stakeholders in a sustainable manner. Among stakeholders, the right of depositors is important to be fulfilled and followed by shareholders rights and other stakeholders.

In BNI, good corporate governance (GCG) is consistently executed by implementing the four aspects of GCG, i.e. Governance Commitment, Governance Structure, Governance Process, and Governance Result, with detailed as follows:

## 1. Governance Commitment including:

- Vision and Mission
- 46 Principles
- Guidance and Work Rules of Conduct Board of Commissioners and Board of Directors
- Code of Ethics
- Collective Labor Agreement
- Conservation of Natural Resources and Environment

## 2. Governance Structure including:

- Main Organ
  - General Managers
  - Board of Commissioners
  - Board of Directors
- Supporting Organ
  - Committees
  - Corporate Secretary
  - Compliance Work Unit
  - Risk Management Work Unit
  - Internal Audit Work Unit
- Policy and Procedure

## 3. Governance Process including:

- GMS Implementation
- Implementation of Function, Roles and Responsibility of BoC and BoD
- Bank Business activity implementation
- Social and Environmental Responsibility/CSR
- IT Governance
- Development of Subsidiary
- Bank Policy Socialization
- Process Documentation

## 4. Governance Outcome including:

- Business Sustainability
- Customer Protection
- Social and Environmental Responsibility/CSR
- Benefit of Bank to community and national economy

The implementation of GCG in BNI adopts the following requirements and guidance:

1. Act no 8 year 2995 regarding Capital Market
2. Act no 19 year 2003 regarding State Owned Enterprise
3. Act no 40 year 2007 regarding Limited Liability Company
4. Regulations of Bank of Indonesia
5. Regulations of Ministry of State-Owned Enterprise
6. Regulations of Bapepam & LK
7. Regulations of Financial Service Authority
8. Regulations of Indonesian Stock Exchange

Besides, in practice, BNI also consider applicable best practice and most recent development in the matter, such as Indonesian General Guidelines from National Committee of Governance (KNKG), Principles of Corporate Governance from Organization for economic Cooperation and Development (OECD), ASEAN Corporate Governance Scorecard as well as considering ethical and good business practices.

Improvement in Good Corporate Governance practice in BNI in 2016 was inseparable from commitment of BNI employee in implementing Good Corporate Governance as foundation for the Bank business, including Transparency, Accountability, Responsibility, Independency and Fairness (TARIF).

**T** *ranparansi (transparency)*  
**A** *kuntabilitas (accountability)*  
**R** *esponsibilitas (responsibility)*  
**I** *ndependensi (independency)*  
**K** *ewajaran (fairness)*

### BNI Code of Ethics

BNI Code of Ethics is an internal guidance consisting values, business ethic, work ethic, commitment, and enforcement of company regulations for BNI employee in doing their business and other activity, as well as while interacting with other stakeholders. Current BNI Code of Ethics is put into practice since December 1st, 2010 as a result from the revitalization of the previous code of conduct (2001).

BNI Code of Ethics must be adhered and implemented by all employee (BoC, BoD, and BNI employee) which symbolized by the sign off of the employee in BNI Employee Statement Letter as a realization of commitment to implement BNI Code of Ethics.

### 14 BNI Ethical Code

1. Act professionally, by forwarding Principles 46 work culture values
2. Being a role model and remind each other between subordinates, superiors, co-worker and working partner to implement BNI Ethical Code
3. Maintain good relationship between BNI employee
4. Maintain bank confidentiality and position confidentiality
5. Maintain work security
6. Protect health, natural resources and environment
7. Conduct recording, reporting, and administration of work in order, honest and accurate
8. Prevent conflict of interest that may harm BNI interest
9. Not providing nor receiving any gift in any form, directly or indirectly from any parties, that relate to his/her roles and responsibility
10. Act as resources person as long as interest of BNI
11. Not being a member or contributor to political party
12. Not disclosing incorrect information regarding BNI
13. Not using BNI asset for personal interest
14. Not misusing BNI Corporate Identity for personal interest



A realization of the anti-corruption program in BNI, BNI President Director Achmad Baiquni and Chief of Corruption Eradication Committee (KPK) Agus Raharjo had signed off a memorandum of understanding Gratification Control Commitment on October 17th, 2016. In the event, there was also Gratification Control Seminar attended by BoD and employee with Giri Suprapdiono as a resource person, KPK Gratification Director.

The signing of the commitment was a crucial momentum for BNI management and entire employee. Through this, BNI proofed its capability to enhance the quality of sound corporate governance implementation and ethical code that had been implemented on a daily basis.

Besides, the commitment will strengthen gratification control program that previously been applied, such as Integrity Pact Signing by BNI employee at every beginning of year and Signing of Integrity Pact of procurement that approved by procurement committee (in this regards vendor and decision official).

Previously, on April 8th, 2016, BNI with Center of Financial Reporting and Analysis (PPATK) conducted Anti Money Laundering (APU) and Terrorism Funding Prevention (PPT) Seminar. The keynote speaker was Head of PPATK Muhammad Yusuf who delivered about the understanding of APU and PPT to BoD and BoC and BNI subsidiaries.

BNI realizes that as a financial service provider, the company is one of gateway that can be misused for money laundering, that is why the implementation of APU and PPT program is very important to be considered correctly.

"Through this seminar, it is expected to increase understanding of APU and PPT, therefore, active supervision from BoD and BoC can be more optimized."

Suprajarto, BNI Vice President Director.  
Anti-Corruption

# Developing Culture, Ethics and Fraud Prevention

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Implementation of anti-fraud in BNI is referred to Bank of Indonesia Circular No 13.28/DPNP dated December 9th, 2012 regarding Implementation of Anti-fraud Strategy in Public Bank.

As part of internal control system, Internal Control Unit (SPI) has roles in Implementation of Anti-fraud Strategy in Detection Pillar as part of fraud control system consisting steps to identify and finding fraud bank business activity. The pillar includes policy and whistle blowing mechanism, surprise audit, and surveillance system.

In 2016, activities conducted by SPI related to Anti-fraud Strategy Implementation includes:

1. Optimizing assurance activity to evaluate control quality and minimizing fraud incidents by:
  - a. Implement Surprise Audit  
Surprise audit is audit activity to identify risk due to error and irregularities to a certain activity, which taken place without prior notice by the auditee, to detect and prevent fraud.
  - b. Implement Investigation Audit  
Investigation audit is a series of audit activities to identify and reveal a case in BNI work area that considered containing an indication of fraud, to be input to relevant authority to improve existing internal control weaknesses, so that similar incident can be prevented, also as process material for related personnel according to BNI regulations.
2. Create risk & fraud awareness program, deterrent effect program to promote the creation of control culture.

3. Provide audit tools for business unit for the early warning system.
4. Optimize implementation of immediate post review in loan disbursement ad review of exception report to reduce transaction in red flag category.

**Number of fraud incident**

Type of fraud	2016	2015	2014
Total Fraud	45	47	60

**Number of fraud actors and administrative sanction imposed**

Type of Administrative Sanction	2016	2015	2014
Released	1	3	0
Counselling	5	0	9
SPP/SPTK	4	1	47
STE/SPTK	1	0	3
STK/SPT	3	8	15
Demotion	2	4	1
Discharge	26	27	29
Return to Vendor	3	3	2
Total	45	46	106

SPP: Coaching Warning Letter

SPTK/STE: Hard Warning Letter/Warning Letter

SPT/STK: Final Warning Letter/Hard Warning Letter

PHK: Discharge

Implementation of corporate governance in BNI is supported by the implementation of learning process, both in class and e-learning, as follows:

Program	Total Training Participants
Anti money laundering & terrorism funding prevention (APU PPT)	19,008
Anti Fraud Awareness	21,792
Work Culture	16,772
Good Corporate Governance	19,002
Risk Management (incl. Risk Management Certification & Risk Culture)	17,423
Total	93,997

## 126 Whistle Blowing System

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Whistle-blowing system (WBS) is a tool to report the violation as part of internal control system. WBS prevents the practice of noncompliance and fraud as well also strengthen good governance practice.

Management of WBS in BNI named "WBS to CEO" is conducted in cooperation with external party i.e. Deloitte. Use of external party will add confidence of the reporter that the report will be independently managed and free of intervention. Report submitted to WBS may contain violation as follows:

- Fraudulence: i.e. act of dishonesty or deception, including, among others fraud, extortion, counterfeiting, hiding or destruction of documents/reports or use false documents, conducted by a person/group of people who creates the potential loss or actual loss to the company.
- Violation of regulation/law: doing an act/action for violation, violations that threatened by sanctions in accordance with applicable laws and regulations both internally and externally.
- Conflict of interest: situation where a member of the BoD, BoC, committee, permanent/outsourced employee due to his/her position, rank and authority in BNI may affect the tasks mandated by BNI objectively, causing a conflict between personal interests and/or groups and/or families with the economic interests of BNI.

- Bribery/gratification: receives anything in any form, and regardless of the number/value from other parties related to the position/authority/responsibility in BNI.
- Unethical Behavior: acts or actions taken by BNI personnel that cannot be justified ethically such as violations of the BNI Code of Conduct.

BNI will continue its efforts to increase understanding and awareness of employees to report violations through the WBS to create clean and integrated working environment. Related to this, it has done the optimization measures as followed:

1. Delivering the completion progress of the WBS through BNI forum;
2. Communicate the WBS material through in-class training to candidate employees for levels of Officer Development Program (ODP) and Assistant Development Program (ADP);
3. Installing WBS poster in each unit;
4. Socialize WBS through among others BBM blast to all employees, media/internal magazines, video WBS;
5. Expansion of the reporting by involving external parties;
6. Additional reporting media channels;
7. Dissemination to external parties via socialization in units, BNI website, with information WBS on agreements with third parties;
8. To coordinate with the WBS Consultant Team on an ongoing basis

Violations reporting through WBS can be done by means of:

- Phone: 021-57853377
- Email: bni-transparan@tipoffs.com.sg
- Mail: PO BOX 2646 BNITransparan/JKP 10026
- Website: <http://bni-transparan.tipoffs.com.sg>
- SMS: Number (081-1970-1946)

Up to December 2016, the violation report received via WBS were 38 (thirty-eight) reports. The violation report followed up by the investigation conducted by the Internal Control (KI) of related unit where such violation occurred.



# Good Corporate Governance Performance Assessment

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## Self Assessment

Self-assessment is intended to map the strength and weakness of GCG implementation within BNI that being reviewed from three aspects i.e. Governance Structure, Governance Process, and Governance Outcome.

Self assessment includes 11 (eleven) GCG implementation assessment factors which include:

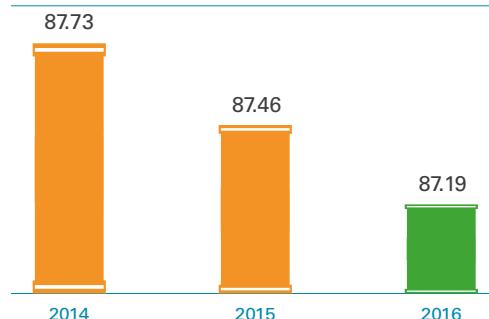
- Implementation of duties and responsibilities of the Board of Commissioners
- Implementation of duties and responsibilities of the Board of Directors
- Completeness and implementation of the Committee's tasks
- Handling of conflicts of interest
- Implementation of compliance
- Implementation of internal audit function
- Implementation of external audit function
- Application of risk management, including the internal control system
- Provision of funds to related parties and large exposures
- Transparency of financial and non financial condition of the Bank, reports on the implementation of good corporate governance and internal reporting
- Bank Strategic Plan

## Corporate Governance Perception Index

In order to maintain the confidence of all stakeholders, BNI also actively participates in the Corporate Governance Perception Index (CGPI) held by The Indonesian Institute for Corporate Governance (IICG). BNI's participation in the program aims to evaluate the implementation of GCG in BNI. The results of the evaluation will be a reference for the bank to make improvements in the future GCG implementation.

CGPI 2015 which implemented in 2016, rised the theme of Sustainability Pillars to Support Implementation of Good Corporate Governance. In accordance with the results of assessments conducted by IICG with such theme, GCG implementation in BNI was awarded Most Trusted with the following assessment details.

BNI CGPI Score



## 2 Composite Score GCG Self Assessment

Reflecting the Bank Management has well implemented Good Corporate Governance in general. This reflected in an adequate governance structure in accordance with applicable regulations, but there are still weaknesses in the governance process that affect governance outcome, but in general these weaknesses can be solved by normal actions by the Bank's management. Currently the Bank is continuously making efforts to improve the quality of GCG in entire Bank operations.

The assessment of GCG implementation in BNI is also conducted using the ASEAN CG Scorecard based on the Company's Annual Report and Website. ACGS assessment is carried out by the IICD (Indonesian Institute for Corporate Directorship) using a scorecard component.

Based on the evaluation conducted on BNI corporate governance practices using principles set out in the ASEAN Corporate Governance Scorecard in 2016, BNI was awarded the "GOOD" predicate with a total score of 87.33.

### **Excellent Performance Assessment Criteria (KPKU)**

KPKU is a management and control system performance compiled by the Ministry of State Owned Enterprises (KBUMN) as the standard guidelines for state-owned enterprises and other state companies in establishing, managing, and empowering systemic and corporate resources to achieve excellent performance. The assessment criteria in KPKU are adopted and adapted from the Malcolm Baldrige Criteria for Performance Excellence (MBCfPE) that has been implemented in SOEs since 2012 through Letter of the Ministry of SOEs No. S-153/S.MBU/2012, dated July 19, 2012.

Since 2005, BNI makes MBCfPE performance evaluation system as part of framework for the development of the company's performance and continued its implementation using KPKU format. KPKU assessment criteria consists of number of questionnaires that

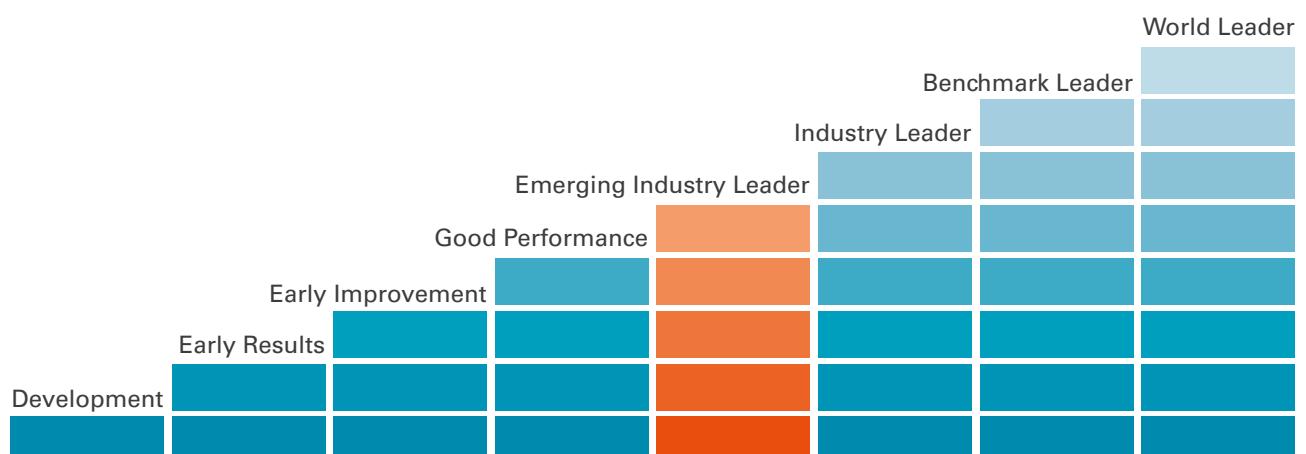
represents the fundamental aspects management of the organization/company in the context of excellent performance. The questionnaires can be grouped in seven categories:

1. Leadership
2. Strategic Planning
3. Customer Focus
4. Measurement, Analysis and Knowledge Management
5. Manpower Focus
6. Operation Focus
7. Operations Results.

Since implementing the MBCfPE system in 2005, the BNI assessment results score using KPKU is increasing from time to time. The assessment results KPKU 2016 which took place in late January 2017 has not been obtained, but the previous assessment (2015) BNI has made it into the Band Score "Emerging Industry Leader".

Through the implementation of the KPKU framework, BNI obtained a comprehensive picture of the condition of companies from various aspects, both process, and outcome. Through this portrait of the company condition, BNI can find out the strengths and weaknesses of the company. The weakness of the company described in OFI turned into learning, as well as a source of inspiration and a trigger for the bank to mitigate and improve in the various area.

KPKU is designed to assess the performance of the company based on the characteristics of world-class companies. Performance ratings are divided into several levels, i.e.:



# Stakeholder Engagement

BNI involving stakeholders in the decision-making process and the determination of the bank's strategy to achieve a shared goal. BNI strives to align the strategic direction of the bank with the expectations and interests of each stakeholder. For that, BNI has identified stakeholder groups by considering the principles determination of the stakeholders, as (Dependency, Responsibility, Tension, Influence, Diverse Perspectives and Proximity).

Stakeholder Name	Relevant Interest and Expectation	Engagement Method	Frequency
Customer	<ul style="list-style-type: none"> <li>- Security of banking transactions</li> <li>- Small and Medium Business Loans</li> <li>- Banking facilities and ease of access</li> <li>- Clear and transparent banking products and services Information</li> </ul>	Call center service	Ongoing
		Customer Satisfaction Survey	Annually
		Webiste and frontline information	When Necessary
Investor/shareholders	<ul style="list-style-type: none"> <li>- Financial and non-financial performance</li> <li>- Investment in environmentally friendly company</li> </ul>	Performance report	Quarterly
		Conducting GMS	Annually
Employee	<ul style="list-style-type: none"> <li>- The rights of employees</li> <li>- Equal opportunity</li> <li>- Career development</li> <li>- Rewarding experience and pleasing work</li> </ul>	Internal Media (portal)	Annually
		Employee Satisfaction Survey	Annually
Labor Union	<ul style="list-style-type: none"> <li>- The rights of employees</li> <li>- Remuneration and allowances</li> </ul>	Discussion on Collective Labor Agreement	Bi-annually
Government and Financial Service Authority	<ul style="list-style-type: none"> <li>- Compliance with the rules and regulations</li> <li>- Information that is transparent</li> <li>- The opportunity to cooperate in the implementation of CSR program</li> <li>- Corporate governance</li> <li>- Analysis of the environmental and social risks in lending</li> <li>- Anti Bribery and Corruption (ABC) and the Anti-Money Laundering (AML) and Anti-Terrorism</li> <li>- The precautionary principle in the operation and banking services</li> <li>- Green banking</li> </ul>	Compliance implementation report and notification to Bank of Indonesia	Twice yearly
		Basel II Accord-Basel Committee	Annually
		Sharia aspect compliance report to national sharia council	Annually
Supplier	<ul style="list-style-type: none"> <li>- Mutually beneficial relationships with suppliers</li> <li>- The process of procurement of goods or services that is fair and transparent</li> </ul>	Policy seminar and socialization	Annually
Business Organization	<ul style="list-style-type: none"> <li>- Financial performance</li> <li>- Investment in environmentally friendly company</li> <li>- Non-financial performance</li> <li>- Operational activities</li> <li>- Direction of business development</li> </ul>	Meetings, national and regional activities	Annually
		International conference	Annually
Community Organization/ Non Government Organization	<ul style="list-style-type: none"> <li>- The impact and environmental performance</li> <li>- The CSR program is implemented and planned</li> <li>- The opportunity to collaborate on CSR program</li> <li>- Information activities of the company</li> </ul>	Strategic partnership in BNI social awareness	Twice yearly
		Partnership program report	Annually
Media	<ul style="list-style-type: none"> <li>- Financial and non-financial performance</li> <li>- The impact and environmental performance</li> <li>- The CSR program is implemented and planned</li> <li>- The opportunity to collaborate on CSR program</li> <li>- Information activities of the company</li> </ul>	Press Release	When Necessary

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## About the Sustainability Report



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<b>GRI G4 Content Index</b>	<b>134</b>
<b>Assurance Report in accordance to GRI G4 Core</b>	<b>136</b>

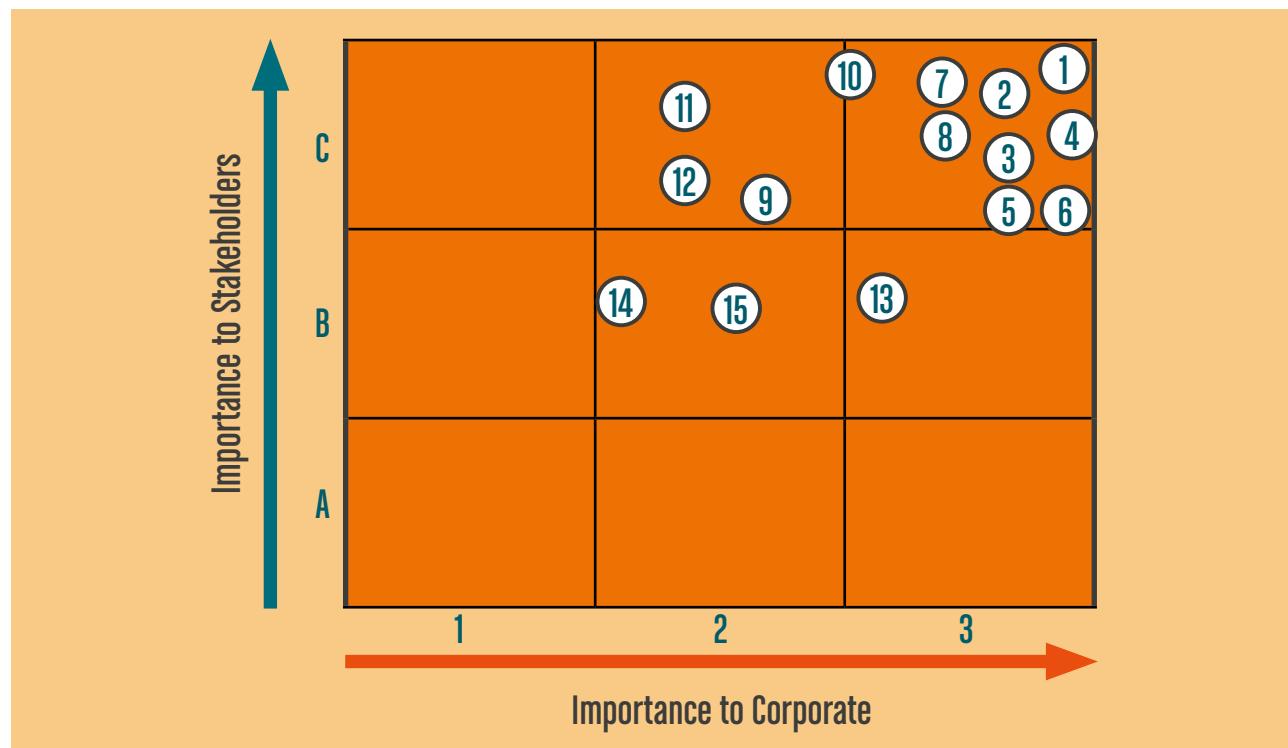
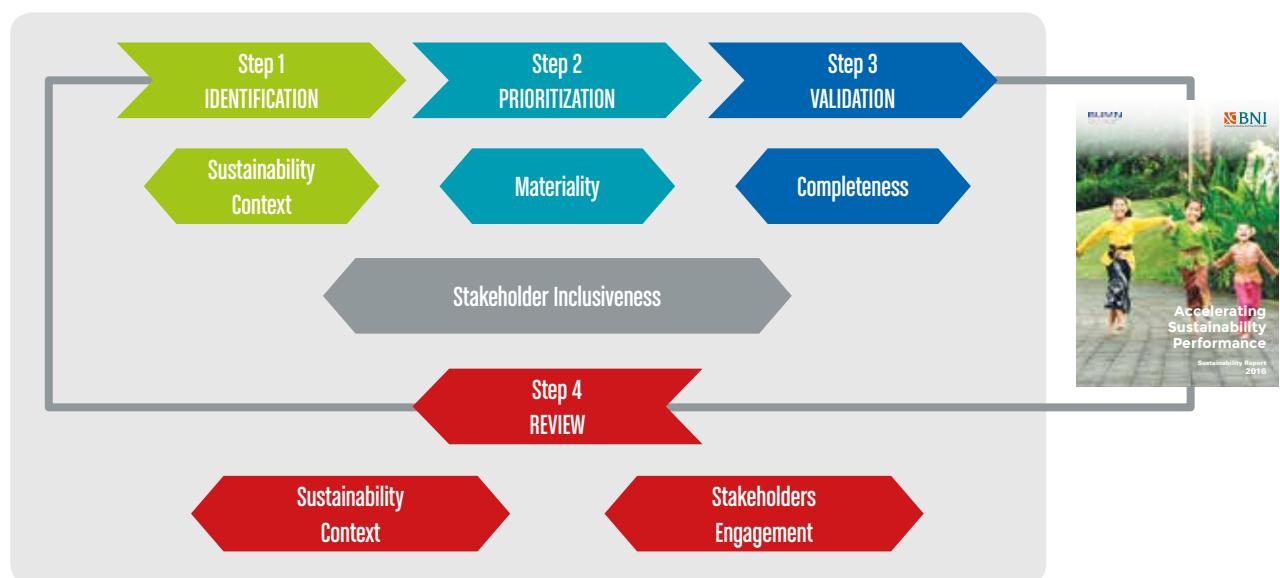
# Defining Report Content, Boundaries, and Material Topics

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To develop this 2016 Sustainability Report, BNI used the Guideline of GRI G4. To define the report contents, We implement the principles stipulated in the guideline such as engaging stakeholders, sustainability context, materiality, and conformity. Principles of report quality are applied consistently in the report.

The selection of sustainability topic and defining material aspects was conducted through Focus Group Discussion (FGD). Those topics and material aspects of the previous report were reviewed according to the current issues during the reporting period. Meanwhile, the prioritized aspects were selected based on the important issues according to the sustainability of the company and stakeholders' interest.





## Report Scope and Boundary

This Sustainability Report contains the economy, environment and social performance of PT Bank Negara Indonesia (Persero) Tbk. Performance of subsidiaries are not covered in this report. Based on FGD, the Company selected 15 material aspects for an in-depth explanation. The boundary of the material aspects has also been set.

No	Material Aspects	Boundary					
		Inside Organization		Outside Organization			
		BNI	Subsidiary	Business Partners	Customer	Community	Government
1	Economic Performance	•	•	•	•		•
2	Customer Privacy	•			•		•
3	Marketing and Product and Service Labelling	•	•	•	•		•
4	Financial Portfolio	•	•				•
5	E-Banking and E-Channel	•			•		
6	E-Billing and E-Statement	•			•		
7	Training and Education	•					
8	Infrastructure Financing	•				•	•
9	Green Lending	•		•	•		•
10	Anti-Corruption and Fraud	•	•	•	•		•
11	Inclusive Banking and Financial Literacy	•			•	•	•
12	Green Funding	•		•			•
13	Employment	•					•
14	Green Building	•					•
15	Occupational Health and Safety	•					•

## Changes from the Previous Report

There are no significant changes from the previous report. There is no restatement of last year data and information presented in the Report. Some changes in the description of topics occurred due to this year material aspects identification through FGD are more actual for 2016.

## Report Profile

BNI 2016 Sustainability Report was written down using 'in accordance' rule based on GRI G4 Guideline on Sustainability Reporting with 'Core' option. Some material aspect also determined using GRI Financial Service Sector Disclosure. BNI publish Sustainability Reporting on a yearly basis. This 2016 Sustainability Report contains BNI's sustainability performance during the period of January 1<sup>st</sup>, 2016 to December 31<sup>st</sup>, 2016.

## Corporate Business Supply Chain

Banking business process operates by BNI do not entirely using internal resources. BNI employs its suppliers of products and services to support the banking operation. Related suppliers to BNI are office consumables suppliers, information technology services, consultancy services, design and communication services and other services. BNI do not use external resources for its core business process.

# 134 GRI G4 Content Index [G4-32]

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# 136 Assurance Report in accordance to GRI G4 Core



## Statement GRI G4 Core In Accordance Check

The National Center for Sustainability Reporting (NCSR) has conducted a GRI G4 Core in Accordance Check on the PT BNI (Persero) Tbk Sustainability Report 2016 ("Report"). The check communicates the extent to which the GRI G4 Core criteria has been applied in the Report. The check does not provide an opinion on the sustainability performance of the reporter or the quality of the information provided in the report.

We conclude that this Report has presented disclosures, either fully or partially, in accordance with GRI G4 Core criteria.

Jakarta, 13 March 2017

National Center for Sustainability Reporting



Dewi Fitriasari, Ph.D., CSRA, CMA  
Director

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# Sustainability Report 2016



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