BANKMEGA

Reinforcing Commitment
to Achieve Sustainable Growth



Sustainability Report **2023**

Disclaimer

The Sustainability Report details the Company's plans, projections, strategies, and objectives. These are not statements of historical facts but rather indications about the future. It is important to note that there is no assurance that the results anticipated or indicated in the Company's forward-looking statements will be realized. Additionally, within the Sustainability Report, the terms "Company," "Bank Mega," and "We" refer to PT Bank Mega Tbk, a company engaged in banking activities.



Bank Mega succeeded in going through various dynamics and changes during 2023 with good growth. However, multiple learnings allow us to continue to hone our strategy. In the future, these changes will continue to colour our lives, and we must be agile in our work to create various service innovations through trusted technological reliability. Bank Mega will strengthen commitment and synergy with all stakeholders in achieving sustainable growth.

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70 Reference to POJK No. 51/POJK.03/2017, SEOJK No. 16/SEOJK.04/2021, and GRI Standard Content Index

75 Feedback Sheet

Sustainability Performance Highlights

Economic Aspect [B.1]

Net Interest Income
(Rp Trillion)

2023	2022	2021
5.53	5.87	4.84

Percentage of Total Financing Portfolio for Sustainable Business Activities (KKUB) to Total Portfolio (%)

2023	2022	2021
38	26	27

Non- interest Income
(Rp Trillion)

2023	2022	2021
2.29	2.50	3.14

Financing Credit for MSMEs
(Rp Billion)

2023	2022	2021
46	66	70.61

Net Profit
(Rp Trillion)

2023	2022	2021
3.51	4.05	4.01

Number of Local Suppliers
(Vendor)

2023	2022
24	25

Nominal Products and/or Services that Fulfill the Criteria of Sustainable Business Activity Categories (KKUB)
(Rp Trillion)

2023	2022	2021
24.9	18.25	16.63

Environmental Aspect [B.2]

Electric Consumption
(MWh)

2023	2022	2021
1,244.4	1,184.9	1,053.1

Water Consumption
(m3)

2023	2022	2021
82.31	85.15	76.50

Emissions Generated from Fuel Consumption
(tCO_2)

2023	2022	2021
2,728	2,349	2,772

Number of bamboo tree seedlings planted
(Seedlings)

2023	2022
100	100

Volume of Paper Waste
(Tons)

2023	2022	2021
15.05	22.05	18.69



Social Aspect [B.3]

Customer Satisfaction Level

2023

Achievement by MRI - Top 5 Satisfaction Loyalty Engagement (SLE) Index 2023 (KBMI III)

2022

Achievement by MRI - Top 10 Satisfaction Loyalty Engagement (SLE) Index 2022 (KBMI III)

2021

1st Rank for 6 Categories versi The 4th Satisfaction Loyalty Engagement (SLE) Awards 2021

Percentage of Female Employees Compared to Total Employees (%)

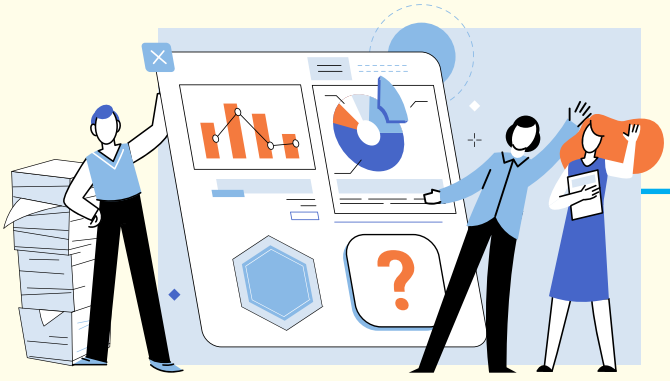
2023	2022	2021
54	53	51

Aggregate Training Hours

2023	2022	2021
514,426	364,651	261,747

Employee Turnover Rate (%)

2023	2022	2021
33.51	39.71	32.07



30 Participants

Join in Climate Risk Stress Testing (CRST) training with a total of **90 hours of training**

>1,200 participants

Join in Sustainable Finance Action E-Learning with a total of **>2,500 hours** of training

2021
1.11

2022
6.75

2023
7.72

MEGA BERBAGI

Realization of Social and Environmental Responsibility Fund (Rp Billion)

MEGA PEDULI

2023
3.09

2021
4.32

2022
2.82

Awards in 2023



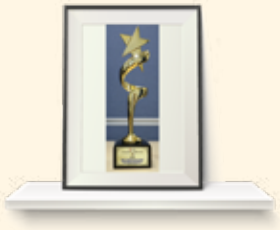
Award Name
- Transparency in Corporate Emission Reduction 2023 (Green Category)
- Transparency in Corporate Emission Calculation 2023 (Silver Category)

Award Organizer
- Investor Daily
- BGK Foundation
- B Univererse



Award Name
The Most Efficient Bank
Bank KBMI 3

Award Organizer
Bisnis Indonesia



Award Name
LPS Awards 2023 - Best Bank in SCV Reporting, KBMI Group 3 Category

Award Organizer
Lembaga Penjamin Simpnan (LPS)



Award Name
Katadata Green Initiative Awards 2023 - Banking Sector Category

Award Organizer
Katadata



Award Name
Excellent Financial Performance Bank in 2022

Award Organizer
Infobank



Award Name
Satisfaction Loyalty Engagement

Award Organizer
Infobank and MRI



Award Name
The Best Performing Bank 2023 (Bank Assets Category Within Rp100 Trillion Less Thank Rp500Trillion)

Award Organizer
The Finance

Message from President Director [D.1] [2-22]



Bank Mega implements financing process selection through credit requirements that focus on environmental, social, and governance (ESG) aspects, serves as sustainable finance implementation and involves sustainable financing categories mapping.

Dear Stakeholders,

With its inherent risks and opportunities, the accelerating pace of business evolution demands agility. In response, Bank Mega navigates the dynamic environment by implementing diverse strategies, ensuring the continual provision of excellent financial services, and fostering growth alongside stakeholders.

Strategic Frameworks for Addressing Challenges [D.1.a]

Bank Mega incorporates sustainability values into its business operations, emphasizing not only profitability but also enhancing the quality of human resources (people) and contributing to environmental conservation (planet). This commitment aligns seamlessly with Bank Mega's Vision and Mission, aiming to be a source of pride for Indonesia.

As time progresses, the application of sustainable finance continually adapts to challenges and opportunities arising from environmental, social, and governance (ESG) factors. Guided by the Company's core values: Dynamic, Entrepreneurship, Trust, Ethics, Commitment, and Synergy (DETECS), we are committed to implementing sustainable finance principles and values through various policies, actively responding and adapting to the challenges and opportunities that arise.

Bank Mega has established policies to address sustainability challenges and mitigate environmental risks. Furthermore, in addressing the adverse effects of climate change, the bank has identified sectors with elevated risks and calculated associated negative impacts. Our ongoing commitment involves continuous learning to comprehend ESG risks that may influence sustainability and future well-being.

Our financing distribution within the Sustainable Business Activity Category (KKUB) focuses on the Micro, Small, and Medium Enterprises (MSMEs) sector. In our ongoing commitment to enhance the performance of MSMEs through social empowerment and environmental sustainability, the Bank remains committed to providing education and assistance. The activities include business and partnership training, as well as the promotion of financial management awareness through financial literacy.

Aligned with the ESG aspect, Bank Mega has persisted in its digital transformation plan as a strategic response to the challenges posed by change. Recognizing that most customers, especially in major cities, now utilize various digital platforms, digitalization has become integral to sustainability. However, data privacy security remains a common challenge. To mitigate the risk, Bank Mega has implemented the ISO 27001:2013 standard as a guideline for the Information Security Management System (ISMS).



Performance Achievement in Sustainable Finance Implementation [D.1.B]

Challenges and Accomplishments

Bank Mega has prioritized credit financing for specific industrial sectors, including construction, agriculture, hunting, and forestry. The selection is grounded in their growth potential amid uncertain economic conditions. Regularly, Bank Mega monitors and evaluates each debtor, providing educational initiatives to enhance ESG performance in the pursuit of sustainability.

Commitment and Performance in Sustainable Finance Implementation

Bank Mega remains steadfast in its commitment to channelling financing based on KKUB, comprising funding for environmentally sustainable business activities and MSMEs. As of the end of 2023, the green financing portfolio constituted 99.8%, with MSMEs accounting for 0.2% of all total loans disbursed. The distribution amount in KKUM reached Rp24.9 trillion, reflecting a notable increase of 36.4% compared to the Rp18.25 trillion recorded in 2022.

Sustainability Performance

Led by the Sustainable Finance Team, Bank Mega evaluates ESG performance achievements. The preparation and execution of the sustainable finance report are spearheaded by the Strategic & Business Development Division (SBDV) in collaboration with other units, with the evaluation results subsequently submitted to the Director of Compliance & Human Capital.

As of the conclusion of 2023, one of Bank Mega's notable achievements was recording a profit before tax amounting to Rp4.35 trillion. This figure reflects a 13.39% decrease compared to the Rp5.03 trillion recorded in 2022.

Tin the effort to protect the environment, Bank Mega enhanced the efficiency of water usage at Bank Mega Tower, sourcing all water from the Regional Drinking Water Company (PDAM). In 2023, the water consumption at Bank Mega totalled 82.31 m^3, marking a 3% reduction compared to the previous year's usage of 85.15 m^3.

Moreover, the ongoing transition from paper-based account opening forms to digital applications continued to be optimized. As of the end of the reporting period, the number of accounts opened through the M-Smile application reached 86,820. Bank Mega utilized this data to project the estimated efficiency gains from an economic perspective and the positive environmental impact, resulting in a reduction in forms and document copies usage by approximately 312,552 sheets of paper, equivalent to preserving 27 trees. Notably, the total paper waste generated in 2023 decreased by 47% to 15.05 tons, compared to 22.05 tons in 2022.

Bank Mega actively engaged in corporate social responsibility (CSR) initiatives, encompassing the Mega Berbagi and Mega Peduli programs. The Bank allocated Rp10.82 billion for both programs in 2023. This reflects a 13.06% increase compared to the Rp9.57 billion disbursed in 2022.

Target Achievement Strategy [D.1.C]

Risk Management in Sustainable Finance Implementation

Bank Mega diligently manages risks in sustainable finance implementation, covering credit, operational, liquidity, and market risks. We adopt a prudent strategy to address the risks, incorporating ESG risk assessments, adjusting credit provisions based on ESG considerations, and conducting debtor risk profile analyses.

Utilization of Sustainable Finance Business Opportunities and Prospects

In addition to risk management, Bank Mega has mapped out business opportunities and prospects. We recognize the significant role of the banking industry in supporting the national economy and achieving greenhouse gas (GHG) emission reduction targets. The growth of environmentally friendly industries and technological developments has created opportunities for banks to foster business expansion. Moreover, the rising number of domestic and international MSMEs presents a business opportunity for us. Bank Mega seizes this opportunity by elevating the status of MSMEs through various international transaction services.

External Situation

In September 2023, the Indonesia Carbon Exchange, or IDXCarbon, was inaugurated, presenting an opportunity for Bank Mega to contribute to sustainability. Moreover, various emerging business sectors have adopted sustainability principles. Bank Mega envisions that a conducive external situation supported by consistent government backing can accelerate the attainment of Sustainable Development Goals (SDG) targets by 2030.

Appreciation

We extend our sincere gratitude and highest appreciation to all stakeholders for the unwavering support, cooperation, and trust bestowed upon Bank Mega throughout 2023. Every form of assistance received has catalyzed us to enhance sustainable financial performance. Bank Mega acknowledges that achieving sustainability is an ongoing journey. Therefore, the Bank is committed to persistently striving to balance ESG performance, a crucial aspect for both current and future prosperity.

Jakarta, February 2024



Kostaman Thayib
President Director



Statement from the Members of the Board of Commissioners on the Accountability to the 2023 Sustainability Report of PT Bank Mega, Tbk

We, the Board of Commissioners, hereby state that all information mentioned in the Sustainability Report of PT Bank Mega, Tbk of the 2023 fiscal year has been presented according to regulations, and We are fully accountable for the accuracy of this Sustainability Report content. We certify that this statement is true to the best of our knowledge.

Jakarta, February 2024



Chairul Tanjung
President Commissioner



Yungky Setiawan
Vice President Commissioner



Achjadi Ranuwisastra
Independent Commissioner



Lambock V. Nahattands
Independent Commissioner



Hizbullah
Independent Commissioner

Statement from the Members of the Board of Directors on the Accountability to the 2023 Sustainability Report of PT Bank Mega, Tbk

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Jakarta, February 2024



Kostaman Thayib
President Director



Indivara Erni
Vice President Director



Lay Diza Larentie
Vice President Director



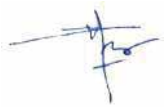
Yuni Lastianto
Compliance and
Human Capital Director



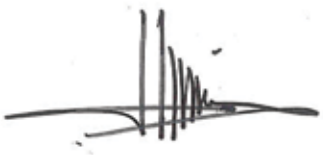
Madi Darmadi Lazuardi
Credit Director



Martin Mulwanto
Treasury & International
Banking Director



C. Guntur Triyudianto
Operation Director



Y.B. Harianto
Information Technology Director

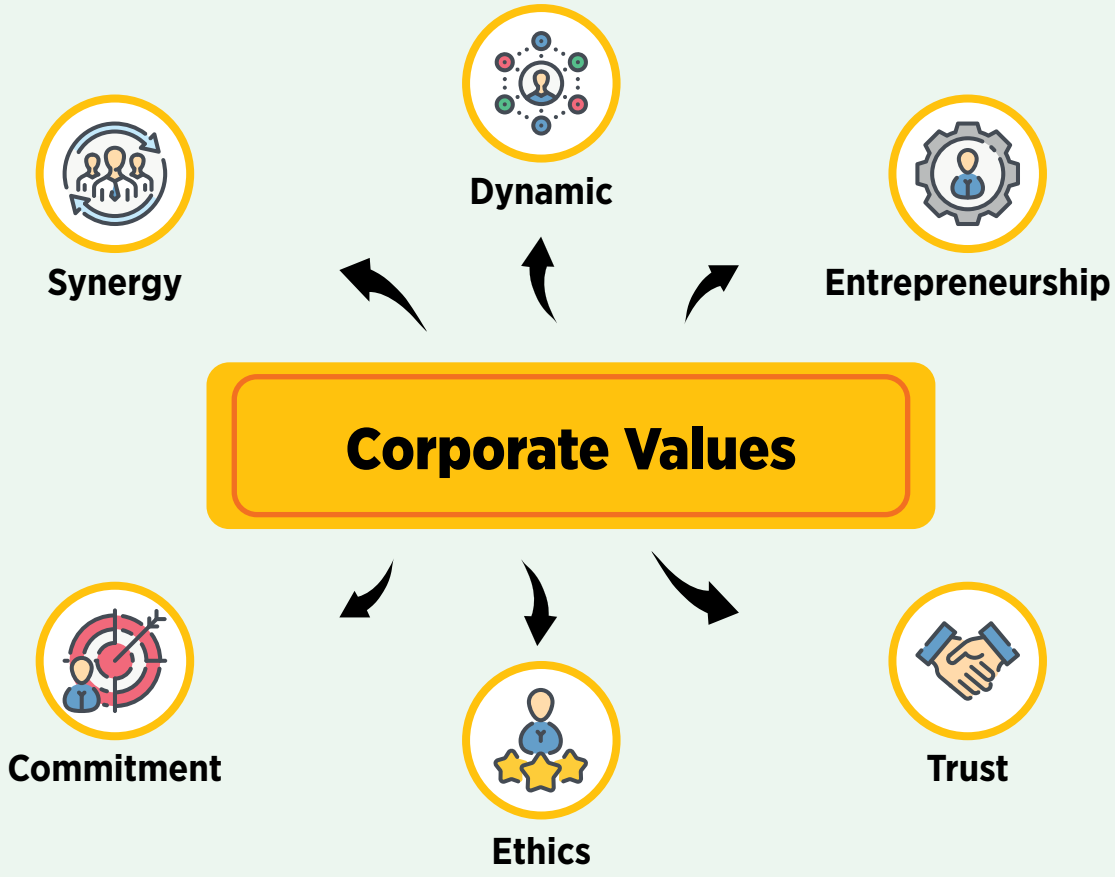
Company Profile [C.1][2-1]

Vision

To stand as a source of national pride

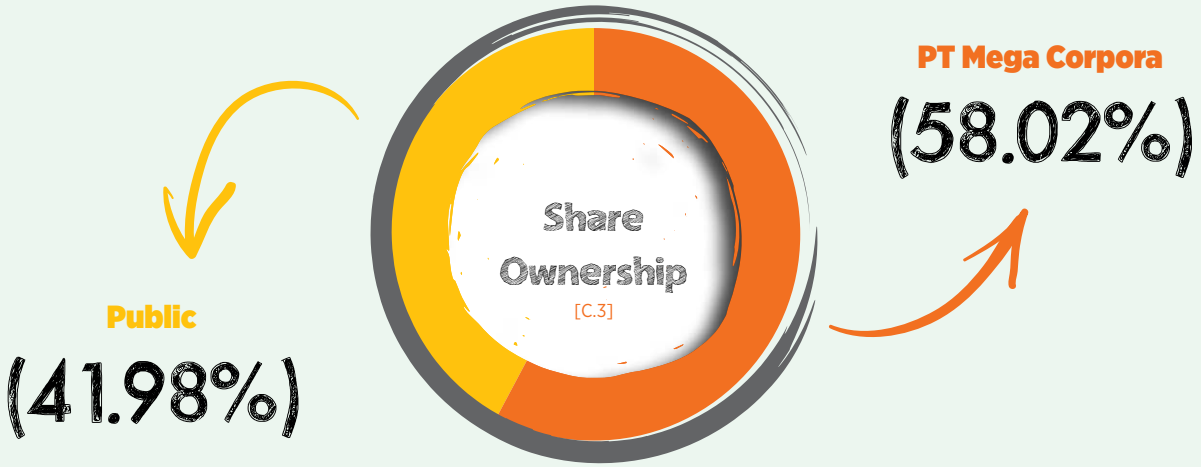
Mission

Cultivate positive customer relationships by delivering innovative banking services and harnessing synergies within integrated ecosystems, professional human resources and the highest organizational performance capabilities aimed at providing significant added value to all stakeholders.



Bank Mega Overview

Name of Company [2-1]	PT Bank Mega Tbk
Start of Operation Year	1969
Basis of Legal Establishment	• Deed of Establishment of PT Bank Karman No. 32 of 15 April 1969, Juncto • Deed of Amendment No. 47 of 26 November 1969
Headquarters Address [C.2]	Menara Bank Mega, Jl. Kapten Tendean No. 12-14A Jakarta, 12790, Indonesia. Telp: (+6221) 7917 5000 Fax: (+6221) 7918 7100 Website: www.bankmega.com E-mail: corsec@bankmega.com
Commercial Activity [2-6]	Banking
Business License	Decree of Minister of Finance of the Republic of Indonesia No. D.15.6.5.48 of 14 August 1969



Skala Usaha [C.3] [2-6]

Description	Unit	2023	2022	2021
Total Permanent Employees	Male	2,176	2,230	2,403
	Female	2,553	2,505	2,549
Net Interest Income	Rp Trillion	5.53	5.87	4.84
Net Profit		3.51	4.05	4.01
Total Capitalization				
Total Liabilities	Rp Trillion	110,29	121.12	113.73
Total Equities		21,76	20.63	19.14
Total Assets		132,05	141.75	132.88

Operational Area [C.3] [2-6]

Throughout 2023, Bank Mega will have 8 Regional Offices throughout Indonesia, overseeing 55 Branch Offices, 312 Sub Branch Offices, and 3 Functional Offices are strengthened by their existence 582 ATMs. Apart from that, Bank Mega has also collaborated with 14 correspondent banks spread across several countries.

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



Bank Mega's Office Network and ATMs [2-1]

Description	2023	2022	2021
Office Network			
Headquarter	1	1	1
Regional Office	8	8	8
Branch Office	55	55	54
Sub-Branch Office	312	326	322
Functional Office	3	2	2
Total	379	392	387
ATM Bank Mega			
Total	582	636	668

Products and Services [C.4] [2-6]

The Bank has provided various products and services Mega, such as savings products, loans, trade finance, international transactions, treasury, Mega Pass, M-Money, Likewise, with the available transaction services carried out using cards and mobile applications. All transaction products and services are also available can be accessed digitally via M-Smile, Mega Internet, and Mega ATM.



Services Transaction

Service Type	Unit	2023	2022	2021
Mega ATM	Customer	111,642	143,086	182,295
	Value (Rp Billion)	2,358	3,112	4,524
Mega Pass	Total Cards	228,918	256,499	313,934
	Value (Rp Billion)	411.0	407.0	398.8
Internet Banking	Customer	23,101	26,094	29,301
	Value (Rp Billion)	47,982	47,693	49,786
Mobile Banking	Customer	784,118	581,311	394,564
	Value (Rp Billion)	36,339	20,967	10,737
Uang Elektronik	Total Cards (Million)	4.8	4.6	4.4
	Value (Rp Billion)	0.7	0.4	0.4
Safe Deposit Box	Box	7,690	4,257	5,510
	Value (Rp Billion)	5.4	5.6	5.1

Product Quantity

Savings

2023		2022*		2021*	
					
Customer	**Value**	**Customer**	**Value**	**Customer**	**Value**
332,136 (People)	89.44 (Rp Trillion)	323,004 (People)	102.95 (Rp Trillion)	315,937 (People)	98.89 (Rp Trillion)

*There is a restatement of information from the Report Sustainability 2022 [2-4]

Treasury

Product and Service	Unit	2023	2022	2021
Foreign Exchange Transactions (Spot, Forward & Swap)	Customer (Person)	97	82	68
	Transaction Frequency	7,884	9,958	7,110
	Value (Rp Billion)	316,172	390,324	201,376
Money Market Transactions	Customer (Person)	74	60	56
	Transaction Frequency	3,518	1,449	1,793
	Value (Rp Billion)	485,867	194,855	261,790
Bonds Trading Transactions	Customer (Person)	5,670	6,210	5,998
	Transaction Frequency	13,589	12,302	12,465
	Value (Rp Billion)	104,431	120,439	125,440
Total	Customer (Person)	5,841	6,352	6,122
	Transaction Frequency	24,991	23,709	21,368
	Value (Rp Billion)	906,471	705,618	588,606*

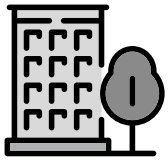
*There is a restatement of information from the Report Sustainability 2022 [2-4]

Significant Changes [C.6] [2-6]

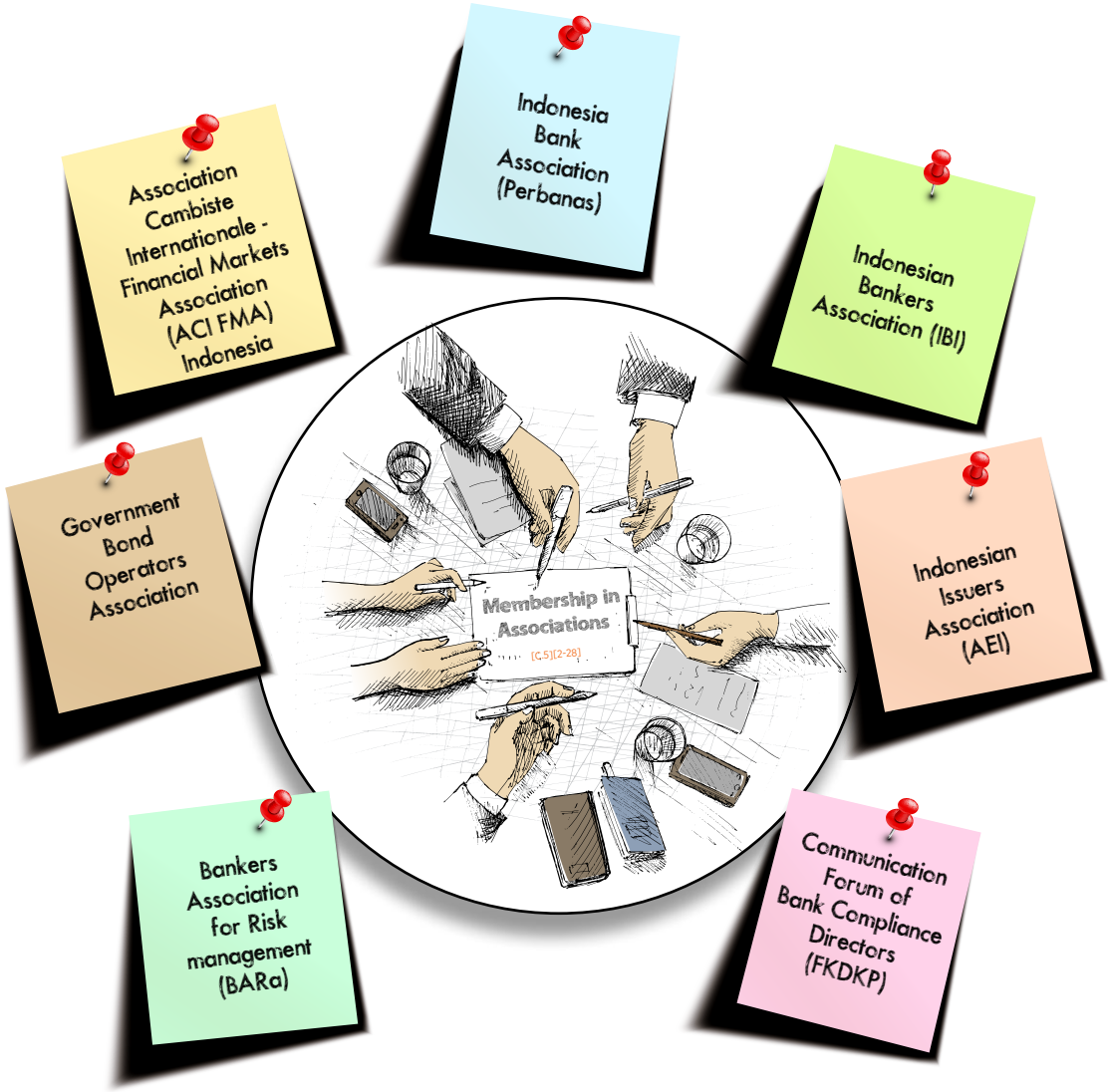
In 2023, Bank Mega underwent noteworthy changes, including:



The establishment of 1 new functional office



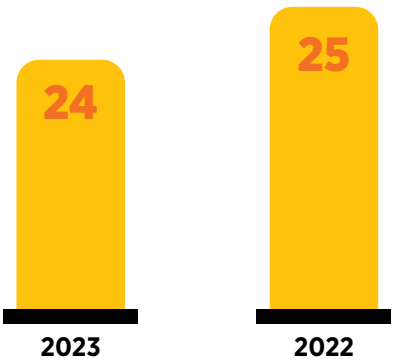
The closure of 14 sub-branch offices



Supply Chain Management [2-6] [204-1]

The sustainable activities implemented by Bank Mega are closely related to the collaboration process with suppliers. By realising sustainable finance, Bank Mega strives to improve quality, transparency, professionalism, and safe supply chain processes. Bank Mega ensures a healthy supply chain and the right partners to work with determine several aspects of assessment and carry out work evaluations.

Number of Local Suppliers



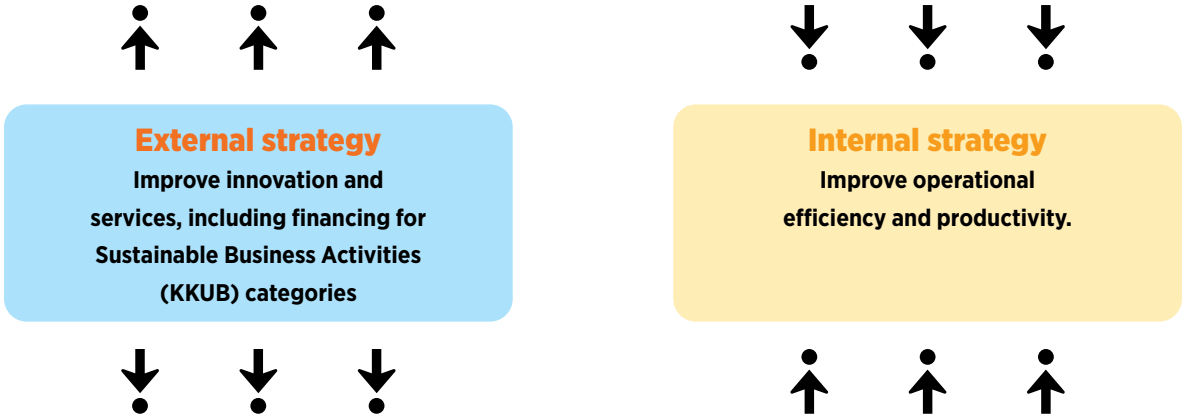




Sustainability Strategy [A.1] [2-22] [2-23] [2-24]

Bank Mega consistently endeavours to ensure business operations that not only prioritize profit but also enhance the quality of human resources (people) and contribute to nature preservation (planet). This commitment aligns with Bank Mega's Vision and Mission to become a source of pride for Indonesia.

To achieve sustainable business practices, Bank Mega focuses on both internal and external aspects.



Moreover, Bank Mega further expanded its financing in the Sustainable Business Activity Category (KKUB) by disbursing credits to the Micro, Small, and Medium Enterprises (MSMEs) sector through various means, including:

- Establishing cooperation within the CT Corpora ecosystem.
- Accelerating digital transformation.
- Mitigating Environmental, Social and Governance (ESG) risks.

Bank Mega's Support to Sustainable Development Goals (SDGs)

In its commitment to environmental preservation and the advancement of Sustainable Development Goals (SDGs), Bank Mega has identified several programs aligned with specific SDGs, namely goals 3, 4, 5, 8, 9, 12, and 16.

Target in 2023

- Provide a healthy, decent and safe working environment for all employees.
- Improve employee welfare and health

Achievement 2023

- Creating a healthy, safe, and comfortable working environment
- Implement work safety standards dissemination
- All employees (100%) have adhered to occupational health and safety standards.
- Conduct regular disaster response training and simulationsAdminister annual Medical Check-Up (MCU) for all employees
- Organize a health webinar attended by all employees

Target in 2023
- Conduct sustainable finance training for all employees using the e-learning platformProvide regulatory certifications and mandatory, technical, and risk control training.
- Developan e-learning module for the Introduction to Sustainable Finance Action.
- Integrated Introduction to Sustainable Finance Action materials into the Development Program curriculum.



Achievement 2023
- Carry out online training via applications
- Participate in Employee Capacity Building Training
- Follow the E-learning Sustainable Finance Action Plan
- Implementation of Climate Rist Stress Testing (CSRT) training for 30 participants for a total of 90 hours training
- Sustainable Finance Action E-Learning with more than 1,200 participants with a total of training hours more than 2,500 hours.
- Participate in the Introduction to Sustainable Finance Action program for Development Program participants

Target in 2023
- The company actively champions gender equality, ensuring equal opportunities for individuals to ascend to top positions and equal treatment



Achievement 2023
- 3,391 female employees constituting 54.31% of the total workforce
- 2 employee women, representing 25% in roles as Directors and members of the Board of Commissioners.
- Enforce a policy of equality for all employees, fostering career advancement and enabling access to executive positions

Target in 2023
- Improve employee welfare
- Foster economic improvement in the community.
- Support and assist the independence of MSMEs



Achievement 2023
- Implemented community empowerment through Corporate Social Responsibility (CSR) activities.
- Enforced a policy to improve employee welfare based on work performance and Bank conditions.
- Granted credit financing to MSMEs totaling Rp46 billion
- Extended loans integrating economic, social, and environmental interests, falling under the sustainable finance category, amounting to Rp24.9 billion
- Achieved fundraising in alignment with sustainable finance Rp459,4 billion

Target in 2023
- Build digital infrastructure
- Innovate products and services to improve service quality
- Maintain the security of confidential data of all customers and all other stakeholders

Achievement 2023
- Conducted sessions for awareness building and education on the effective utilization of digital technology in the banking process.
- Successfully implemented the Quick Response Code Indonesia Standard (QRIS) for various transactions, including transfers, cash withdrawals, deposits (TTS), and cross-border Thailand transactions.
- Extended the convenience to customers of other banks with existing QRIS by enabling transactions at Bank Mega ATMs across Indonesia that had adopted QRIS-TTS.
- Obtained ISO 27001:2013 certification through CBQA Global
- Developed digital-based e-learning modules

Target in 2023
- Energy and water usage efficiency

Achievement 2023
- Energy usage intensity increased by 5% compared to the previous year
- Paper waste fell 47% compared to the previous year

Target in 2023
- There are no products and services that will be withdrawn after the product and service is launched
- Not receiving reports of complaints regarding employment practices violations, including acts of discrimination against ethnicity, religion, gender, race, or class.
- All customer complaints can be adequately resolved.

Achievement 2023
- Comply with all applicable regulations and Company governance
- Maintain the level of customer satisfaction
- Handle all input, suggestions, and complaints fairly, quickly, and consistently



Achievements of Sustainable Finance Activities

In 2023, the Company accomplished significant milestones in sustainable finance activities, including:



Primary Activity
Growth in the disbursement of credit per the KKUB

Achievement in 2023
Rp24.9 Trillion
Growth in lending that aligns with economic, social, and environmental interests and is categorized as sustainable finance



Primary Activity
Paper consumption efficiency in Credit Cards and the Head Office

Achievement in 2023
2,389,428 sheets of HVS paper or 4,631 reams



Primary Activity
Fundraising per Sustainable Finance principles

Achievement in 2023
Rp459,4 Billion
Successful fundraising in full alignment with sustainable finance principles



Primary Activity
Improving the efficiency of magazine & newspaper usage

Achievement in 2023
Rp177.4 Million
The cost of using magazines and newspapers



Primary Activity
Delivery of training on Sustainable Finance

Achievement in 2023
>1,200 Participants
Join in Sustainable Finance Action E-Learning with total training **>2,500 hours**



Primary Activity
Corporate Social Responsibility (CSR) activities which include Mega Sharing and Mega Peduli activities as well as financial literacy and inclusion

Achievement in 2023
Rp7.72 Billion
Mega Berbagi

Rp3.09 billion
Mega Peduli



Collaborative Environmental and Biodiversity Protection

Bersama Menjaga Lingkungan dan Keanekaragaman Hayati

Bank Mega consistently endeavors to implement sustainable environmental management in its operational activities, aligning with the values of environmental, social, and governance (ESG).

Environmental Performance Achievement in 2023

Program	Efficiency Dimension
	
E-Learning Facilitate effective and efficient training and socialization processes for each member of the Human Resources (HR) team.	Cost, people, and paper
	
Mobile onboarding Facilitate an effective and efficient customer onboarding process	Cost, people, and paper
Card Initiation System Facilitate customer origination process for credit card clients.	HR and paper
	
Process Automation and Digitalization Support process efficiency to achieve optimized performance.	Operational and HR costs
Tangible Monitoring System Support the process of managing goods and assets in the branches, enabling the Bank to plan the procurement and replacement of goods and assets effectively.	Operational and HR costs
	
QR Payment Support a more efficient payment process.	Operating costs

Program	Efficiency Dimension
Web Policy & Procedure Management System Facilitate policy and procedure document management and paperless storage.	HR and paper
Content Management Facilitate paperless customer profile and account data management	HR and paper
E-Doc Enable paperless handling of customer profiles and account documents	HR and paper
Enterprise Data Warehouse Facilitate paperless report generation across diverse formats.	HR and paper
Chatbot Enhance customer service efficiency.	Operational and HR costs
Collection System Support collection process efficiency through mobile apps.	Operating costs, human resources, and paper
Mobile Appraisal Improve appraisal process efficiency through mobile apps.	Operating costs, human resources, and paper
Mega Employee Mobile (MeMo) Support independent, paperless operational activities.	Operating costs, human resources, and paper
Branch Delivery System (BDS) Support paperless customer service activities.	Operating costs, human resources, and paper
BI Fast Enable cost-effective 24/7 real-time transactions.	Operational Costs
Open API Improve the efficiency of connecting applications between the bank and partners	Operating costs, human resources, and paper
Payment Gateway Support financial transactions between merchants and Bank Mega partners.	Operating costs, human resources, and paper
Reconciliation System Support the reconciliation process efficiency.	Operating costs, human resources, and paper
Talkbot Facilitate HR efficiency through time optimization and performance optimization.	Operational and HR costs
HC - Employee Self Service (adding new modules) Facilitate HC service efficiency, speeding up processes for optimized, paperless HR performance.	Operating costs, human resources, and paper
Update HC System (adding new modules) Support HC work processes efficiency for optimized and paperless HR services.	Operating costs, human resources, and paper

Bank Mega's Efforts in Environmental Conservation

Bank Mega supports environmental sustainability through a variety of efforts, including:

a. Improving energy use efficiency.
b. Reducing emissions.
c. Minimizing paper waste.
d. Advocating for the reduction of operational vehicle usage.
e. Providing official vehicles meeting emission standard.
f. Digitizing processes to decrease paper consumption. [F.5]
g. Regulating air conditioning (AC) usage.
h. Optimizing the cessation of the use of glass and bottled drinking water (AMDK) in the Bank Mega environment to reduce plastic waste, according to the Service Memo (No.MD.1638/PRFS/19).
i. Implementing a printer quota system, piloted at the Head Office.

Energy Usage

Energy sources play a crucial role in supporting Bank Mega's operational activities. The bank utilizes electricity and fuels such as diesel, oil, and gasoline. Additionally, generators are employed as backup during power outages to ensure uninterrupted banking transactions and zero downtime.

In 2023, the Bank issued the amount of Rp14.18 billion for electricity costs. This number has experienced an increase of 25% compared to 2022 amounting to Rp10.57 billion. However, Bank Mega will continue to strive for energy efficiency. [F.7]

Electric Energy Consumption Levels and Intensity [F.6] [302-3]

Uraian	2023	2022	2021
Total energy consumption (MWh)	1,244.4	1,184.9	1,053.1
Land Area (m^2)	57,595	57,595	57,595
Energy use intensity (MWh/m^2)	0.02161	0.00206	0.01828

Electricity, Water, and Fuel Oil Cost (Rp Billion)

Uraian	2023	2022	2021
Electricity Cost*	14.18	10.57	12.02
Water Use Charge**	1.05	1.07	0.86
Fuel Use Cost***	9.67	8.40	9.02

Description:
*The Data derives from Bank Mega Head Office
** The Data derives from all Bank Mega branches (KC, KCP, KK)
*** The Data derives from all Bank Mega National Regions (Operational Vehicles and Online Taxi)

Generated Greenhouse Gas (GHG) Emissions [305-1] [305-5]

During 2023, Bank Mega has calculated emissions coverage one which comes from fuel used for for official vehicles, it is 967,476 litres, an increase of 15% if compared to 2022, which is 844,389 litres. Meanwhile, using online taxis by using the same calculation as for official vehicles if converted to a fuel price of 180,411 litres, up 16% compared to 2022 of 155,300 litres.

Based on the calculation of scope one emissions, the amount produced is 2,728 tons of CO_2. This number experienced an increase of 379 tonnes of CO_2 compared with 2022, it will be 2,349 tons of CO_2. Calculation of the number of emissions scope one is carried out using the emissions conversion method that is, 1 litre of fuel consumption will produce 2.35 kg of emissions CO_2. [F.11]

Furthermore, Bank Mega has made several efforts to reduce the amount of emissions produced, including: [F.12]

1. Use fuel with high-octane RON 95 for Operational vehicles for Directors, Commissioners & Regional Head to reduce carbon emissions.
2. Conduct Emission Tests for all official vehicles operational & current at Head & Branch Offices Jabodetabek has passed the motor vehicle emissions test.

The application of digital technology is one of Bank Mega's efforts to reduce the carbon footprint in all operational activities. This also impacts customers who do not need transportation to the bank and can carry out various transactions anytime and anywhere. [305-5] [FS8]

Water Use [F.8] [303-1]

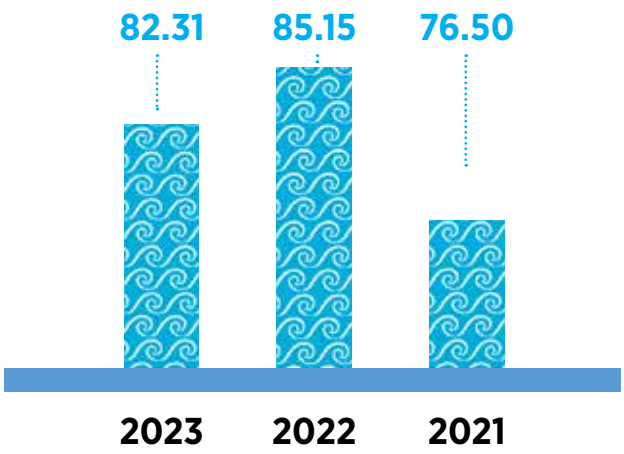
Water is essential for Bank Mega's operations and environmental upkeep at the head office and branches. All water consumption is sourced from the Regional Drinking Water Company (PDAM). In 2023, Head Office water usage totaled 82.31 m^3, marking a 3% decrease from the previous year's consumption of 85.15 m^3.

As an effort to make water usage efficient, Bank Mega has made carry out periodic checks and repairs on channels water thereby minimizing the occurrence of water leaks.



Total Water Usage (m^3)





Note: data comes from Bank Mega Tower

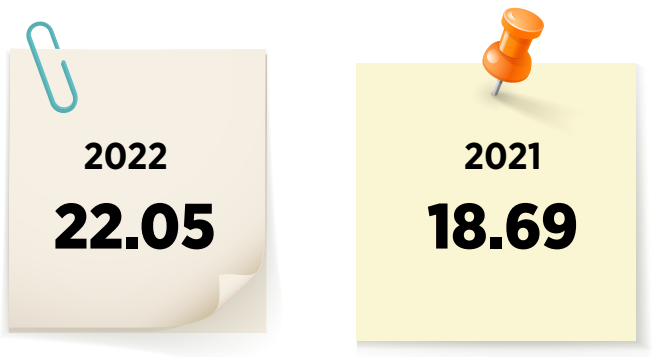
Waste Management

The predominant waste resulting from Bank Mega's operational activities is paper waste. To minimize this, Bank Mega actively reduces paper waste by outsourcing it to a third party holding a waste management license. [F.14]

Furthermore, Bank Mega through the Property & Facility Services (PRFS) work unit monitors efforts to reduce paper waste so that it can reach maximum efficiency limits. In 2023, the generated paper waste amounted to 15.05 tons, reflecting a 47% reduction from the 2022 figure of 22.05 tons. [2-25][306-1][306-2] [306-3]

Total Waste Produced in the Form of Paper (Ton) [F.13]





Bank Mega has transformed into the era of digitalization by implementing the latest technology-based services. This has a significant impact on reducing paper usage. Furthermore, Bank Mega consistently provides education regarding the use of several technology-based services, including:

- M-Smile
- E-Learning
- Mobile onboarding
- Card Initiation System
- Web Policy & Procedure Management System
- Content Management
- E-Doc
- Enterprise Data Warehouse
- MEMo



Until the end of the reporting period, **86,820** accounts were opened via the M-Smile application. This also has a positive impact by converting from using paper forms to open accounts to using digital applications. Apart from that, it also impacts reducing the amount of paper by **312,552** sheets, which can save costs of **Rp32,088,672**.



Bank Mega has increased the efficiency of using magazines and newspapers in Regional Offices, Branch Offices and Sub-Branch Offices. All news can be accessed through digital newspapers and magazines. This effort is a step taken by Bank Mega to follow technological developments and support sustainability. Until the end of the reporting period, Bank Mega had reduced the cost of using magazines and newspapers by Rp177.4 million, a decrease of Rp69.5 million, compared to 2022 of Rp246.9 million.

Biodiversity Preservation

All locations and processes of Bank Mega's operational activities are not directly related to high biodiversity or are located close to protected areas. However, Bank Mega continues to strive to contribute to preserving biodiversity to create a sustainable life. [F.9]

Bamboo Planting Activities in Ngargoretno Village, Magelang Regency

Bank Mega actively supports the Bamboo Planting program in the Bukit Manoreh Geotourism Area, Ngargoretno Village, Magelang Regency, initiated by the KEHATI Foundation. The program aims to enhance educational tourism attractions, preserve endangered bamboo species, and establish a bamboo species learning park. Committed to this initiative from 2022 to 2027, Bank Mega provides annual financial assistance of Rp14,500,000 and actively participates in planting 100 bamboo seedlings each year. [F.4] [F.10]



Caring for Our Employees and Communities

Bank Mega fosters a conducive environment for all employees to pursue a fulfilling and enduring career path. The bank is dedicated to cultivating an inclusive and equitable workplace.

Bank Mega Employee [2-7] [405-1] [406-1]

> **In 2023, Bank Mega received no reports of complaints regarding violations of employment practices, including acts of discrimination against ethnicity, religion, gender, race or class.**

Bank Mega's business sustainability is strengthened by a team of exceptional, professional, and high-integrity human resources (HR). The Bank also grants employees the freedom to participate in training, education, and performance assessments according to their individual needs and talents.

Moreover, the Company consistently upholds human rights by ensuring equal treatment for all employees. In line with Decree No. 083/DIRBM/21 on Employee Recruitment and Selection, the principle of equal opportunity has been integrated since the recruitment stage. This principle guarantees that all prospective employees have an equal chance to secure a position based on their competence, capacity, and work performance. It serves as our guiding principle in selecting the most qualified individuals to join Bank Mega. [F.18]

By the end of 2023, Bank Mega had 6,244 employees, consisting of 2,853 male employees and 3,391 female employees. All Bank Mega employees are full-time employees and there are no part-time employees. As a manifestation of our commitment in upholding equality and diversity, there are 3,391 female employees, which is equivalent to 54.31% of Bank Mega's total employees, and 2 women or 25% who occupy positions as Directors. Overall, the ratio between male and female employees is quite balanced with the majority being in the productive age range of 25 to 39 years old.

Employees Based on Employment Status

Status	Gender	2023		2022		2021	
		Total	%	Total	%	Total	%
Permanent Employees	Male	2,176	34.85	2,230	36.37	2,403	38.02
	Female	2,553	40.89	2,505	40.86	2,549	40.33
	Total	4,729	75.74	4,735	77.23	4,952	78.35
Fixed term contract Employee	Male	677	10.84	632	10.31	663	10.49
	Female	838	13.42	764	12.46	705	11.16
	Total	1,515	24.26	1,396	22.77	1,368	21.65
Total		**6,244**		**6,131**		**6,320**	

Employees Based on Region

Region	Gender	2023		2022		2021	
		Total	%	Total	%	Total	%
Head Office	Male	1,920	30.75	1,994	32.52	2,035	32.30
	Female	1,210	19.38	1,185	19.33	1,088	17.22
	Total	3,130	50.13	3,179	51.85	3,123	49.41
Branch Office	Male	933	14.94	868	14.16	1,031	16.31
	Female	2,188	34.93	2,084	33.99	2,166	34.27
	Total	3,114	49.87	2,952	48.15	3,197	50.59
Total		**6,244**		**6,131**		**6,320**	

Employees Based on Age Group

Age	Gender	2023		2022		2021	
		Total	%	Total	%	Total	%
20-24	Male	162	2.59	97	1.58	128	2.03
	Female	387	6.20	322	5.25	375	5.93
	Total	549	8.79	419	6.83	503	7.96
25-29	Male	505	8.09	469	7.65	550	8.70
	Female	989	15.84	962	15.69	968	15.32
	Total	1,494	23.93	1,431	23.34	1,518	24.02
30-34	Male	490	7.85	568	9.26	608	9.62
	Female	661	10.59	679	11.07	698	11.04
	Total	1,151	18.43	1,247	20.34	1,306	20.66
35-39	Male	580	9.29	616	10.05	674	10.66
	Female	635	10.17	663	10.81	623	9.86
	Total	1,215	19.46	1,279	20.86	1,297	20.52

Age	Gender	2023		2022		2021	
		Total	%	Total	%	Total	%
40-44	Male	544	8.71	559	9.12	561	8.88
	Female	380	6.09	322	5.25	289	4.57
	Total	924	14.80	881	14.37	850	13.45
45-49	Male	284	4.55	269	4.39	293	4.64
	Female	161	2.58	170	2.77	165	2.61
	Total	445	7.13	439	7.16	458	7.25
50-54	Male	240	3.84	239	3.90	218	3.45
	Female	152	2.43	131	2.14	122	1.93
	Total	392	6.28	370	6.03	340	5.38
55-59	Male	38	0.61	37	0.60	27	0.43
	Female	24	0.38	17	0.28	13	0.21
	Total	62	0.99	54	0.88	40	0.63
>60	Male	10	0.16	8	0.13	7	0.11
	Female	2	0.03	3	0.05	1	0.02
	Total	12	0.19	11	0.18	8	0.13
Total		**6,244**		**6,131**		**6,320**	

Employees Based on Education Level

Education	Gender	2023		2022		2021	
		Total	%	Total	%	Total	%
Master's and Doctorate	Male	111	1.78	122	1.99	121	1.92
	Female	78	1.25	76	1.24	69	1.09
	Total	189	3.03	198	3.23	190	3.01

Education	Gender	2023		2022		2021	
		Total	%	Total	%	Total	%
Bachelor's	Male	2,178	34.88	2,131	34.76	2,271	35.93
	Female	2,697	43.19	2,596	42.34	2,585	40.90
	Total	4,875	78.07	4,727	77.10	4,856	76.84
Diploma 3	Male	374	5.99	408	6.65	441	6.98
	Female	576	9.22	562	9.17	551	8.72
	Total	950	15.21	970	15.82	992	15.70
Diploma 1 and 2	Male	14	0.22	15	0.24	13	0.21
	Female	12	0.19	12	0.20	13	0.21
	Total	26	0.42	27	0.44	26	0.41
Senior High School	Male	176	2.82	186	3.03	220	3.48
	Female	28	0.45	23	0.38	36	0.57
	Total	204	3.27	209	3.41	256	4.05
Total		**6,244**		**6,131**		**6,320**	

Employees Based on Position

Position	Gender	2023		2022		2021	
		Total	%	Total	%	Total	%
Vice President	Male	182	2.91	188	3.07	175	2.77
	Female	135	2.16	127	2.07	109	1.72
	Total	317	5.08	315	5.14	284	4.49
Manager	Male	725	11.61	679	11.07	641	10.14
	Female	569	9.11	528	8.61	475	7.52
	Total	1,294	20.72	1,207	19.69	1,116	17.66

Position	Gender	2023		2022		2021	
		Total	%	Total	%	Total	%
Officer	Male	1,170	18.74	1,188	19.38	1,380	21.84
	Female	1,242	19.89	1,165	19.00	1,271	20.11
	Total	2,412	38.63	2,353	38.38	2,651	41.95
Administration	Male	776	12.43	807	13.16	870	13.77
	Female	1,445	23.14	1,449	23.63	1,399	22.14
	Total	2,221	35.57	2,256	36.80	2,269	35.90
Total		**6,244**		**6,131**		**6,320**	

Outsourced Workers of Bank Mega

Some outsourcers at our place are not Bank Mega employees. They are vendor/supplier workers who work based on an agreed contract. However, this report needs to include the number of other outsourced workers who are not Bank Mega employees, considering the dynamic number of movements between them. [2-8]

Recruitment Process and New Employees [401-1]

The employee recruitment process at Bank Mega strictly adheres to Circular Letter Number 267/DIRBM-PMIC/23 which is in line with Government provisions and Bank Mega Company Regulations. We steadfastly affirm the absence of child labor and forced labor, ensuring our recruitment procedures comply with government regulations, encompassing minimum age requirements and working hours. This commitment resonates with the principles outlined in Decision Letter No. 083/DIRBM/21 on Employee Recruitment and Selection. [F.19]

In 2023, Bank Mega welcomed 2,202 new employees, comprising 905 males and 1,297 females, to meet the existing staffing requirements. The quantity of required employees aligns with the declining employee turnover rate.



Total of New Employees Based on Gender

Gender	2023	2022	2021
Male	905	932	795
Female	1,297	1,372	1,067
Total	2,202	2,304	1,862

Total of Employee Resignations Based on Gender

Gender	2023	2022	2021
Male	913	1,134	958
Female	1,176	1,359	1,082
Total	2,089	2,493	2,040

Total of New Employees Based on Age Group

Age Group (years old)	2023	2022	2021
<30	1,664	1,613	1,334
30-50	530	681	520
>50	8	10	8
Total	2,202	2,304	1,862

Total of Resigned Employees Based on Age Group (Year)

Age Group (years old)	2023	2022	2021
<30	1,203	1,496	1,110
30-50	819	944	871
>50	67	53	59
Total	2,089	2,493	2,040

Total of New Employees Based on Region

Region	2023	2022	2021
Jakarta	989	1,134	769
Outside Jakarta	1,213	1,170	1,093
Total	2,202	2,304	1,862

Total of Resigned Employees Based on Region

Wilayah	2023	2022	2021
Jakarta	916	1,015	760
Outside Jakarta	1,173	1,478	1,280
Total	2,089	2,493	2,040

Employee Turnover Rate (%)

2023	2022	2021
33.51	39.71	32.07

Employee Welfare

Employee Benefits [2-19]

Bank Mega fully complies with laws and regulations on Regional and Provincial Minimum Wages (UMR and UMP), maintaining a 1:1 ratio. The bank guarantees that all employees (100%) receive compensation exceeding the mandated minimum wage. Remuneration amounts are determined based on work achievement, position level, and performance, with no discrimination related to gender or other background aspects. The Human Resources Committee governs the remuneration policy per the Decree No. 062/DIRBM/23 on the Human Resources Committee. [F.20]

All permanent and outsourced employees receive holiday allowances, job allowances, attendance incentives, retirement benefits for employees approaching retirement age, health insurance, and annual facility compensation. [401-2]

Maternity Leave [401-3]

Bank Mega has committed to provide maternity leave for both female and male employees. In line with this commitment, Bank Mega provides maternity leave rights for 3 months for female employees and male employees whose wives give birth will be given special leave for 2 days.

In 2023 there were 226 female employees and 113 male employees who took maternity leave and have since returned to work in their original positions. The leave policy is stipulated in Article 40 of the 2023-2025 Company Regulations.

Decent and Safe Working Environment [F.21]

Bank Mega has implemented Occupational Health and Safety (OHS) Management policy in every work unit. This policy is part of Bank Mega's endeavors to establisha healthy, decent, and safe working environment for all employees. All Bank Mega employees and individuals entering the Bank's office area are required to adhere to the policy. [403-8]

The OHS management system has been integrated into the Bank's management system in accordance with prevailing laws and regulations. All employees are authorized to report or consult on OHS implementation, development, and evaluation with the Property & Facility Services (PRFS) Work Unit team and their respective unit heads. The obtained evaluation results will be used as material for improvement and adjusted to meet existing needs. [403-1][403-4]

The implementation of OHS activities carried out by Bank Mega includes: [403-3][403-5][403-6][403-7][403-9][403-10]

- Organized socialization programs and disaster emergency response simulations aimed at training employee preparedness and ensuring the effectiveness of the Bank's Business Continuity Management (BCM).
- Drawing from the experience gained during the COVID-19 pandemic, the Bank has implemented mitigations to address emergency conditions including the Work from Home System, Split Operations at alternate sites, and utilizing applications available at Business Continuity Plan (BCP) sites.
- Conducted tests to assess the readiness of IT infrastructure and networks based on the Disaster Recovery Plan (DRP) coordinated by the Recovery Team.
- Conduct a Risk Campaign through email blasts outlining emergency responses to risks arising from external factors that may impact the work environment. Examples include Flood Alert Due to Extreme Rain (January 2023), Revocation of Pandemic Status in Indonesia (July 2023), Monkeypox Alert (November 2023), and Flood Alert Due to Extreme Rain (December 2023).
- Provided health service facilities, including first aid services (P3K), health insurance facilities appointed by the company, and mandatory BPJS insurance for employees and their families.
- Conducted free health checks such as IVA tests, blood pressure, and blood sugar measurements, organized by the Bank in collaboration with third parties.
- Conducted general Medical Check-ups for certain employees, organized by Mega General Insurance.
- Held a series of health webinars to increase employee awareness about maintaining good health.
- Socialized the implementation of health protocols through email blasts, guidebooks on the Bank's internal website, and reminder notices via various communication channels during specific hours.



Bank Mega provides health insurance facilities for employees so that if employees require a health examination, they can use the health insurance facility according to the provisions. During 2023, no occupational diseases (PAK) will be caused by Bank Mega's operational activities. Bank Mega, through the Mega Sharing program, collaborates with Pratama Trans Medical Clinic and BPJS to provide medical services for Head Office employees and also the community around the Bank Mega Tower area. [403-6] [403-10]

Training, Development, and Technology Engagement

All employees at Bank Mega have equal opportunities for training and education. The provided materials are designed to enhance competencies significantly and can be conveniently accessed through cutting-edge digital technology, particularly the exclusive e-learning platform offered by Bank Mega. Aligned with our commitment to digital transformation and fostering a culture of continuous learning, the e-learning platform actively promotes and engages employees in acquiring literacy and knowledge tailored to their specific job functions.

One of the initiatives to introduce Sustainable Financial Action is conducted through the e-learning platform, requiring every new employee to undergo the respective materials. Furthermore, the availability of new modules on the e-learning platform can serve as a continuous and sustainable enhancement to the program.

The Learning & Development Department oversees a range of training and education activities. Regular reporting on the outcomes of all training and education initiatives falls under the purview of the Compliance & Human Capital Director. [3-3]

Employee Training and Skill Development [F.22]

Bank Mega supports improving the quality of human resources by providing opportunities and freedom for all employees to develop their abilities and competencies through continuous training and providing insight. This activity was organized internally by Bank Mega and in collaboration with external organizers.

During 2023, Bank Mega implemented more than 1,300 training activity sessions, equivalent to 10.3 person-days for each participant, with a participation rate reaching 99.33% of active employees. In line with the digitalization process, learning through e-learning is increasingly optimized so that training and knowledge sharing can be achieved more widely for all employees in all branches across Indonesia. Until December 2023, Bank Mega has been running e-learning and attended by more than 40 thousand participants (excluding online tests).

Sustainable Finance Competency Development [E.2]

In an effort to enhance digital-based employee competencies, Bank Mega has implemented an e-learning module on Sustainable Financial Action Introduction. This module offers convenient and efficient access to insight development on Sustainable Financial Action for all employees, eliminating restrictions of time and place. However, Bank Mega remains committed to advancing the e-learning module in alignment with the evolving environmental, social, and governance (ESG) aspects also stakeholders' needs. [FS4]

Bank Mega conducted a sustainability finance awareness refresher for all employees through an e-learning platform in 2023. Additionally, the bank incorporated Sustainable Finance Action Introduction material into the Development Program curriculum, an acceleration program designed for managerial-level employee candidates.



Realization of Sustainable Financial Literacy in 2023 [404-1] [404-2] [FS4]

Training Topics	Number of Participants	Training Hours	Average Training Hours/ Employee
Introduction to Sustainable Finance Action	69	552	8
Climate Risk Stress Testing (CRST)	30	90	3

The Company has engaged Commissioners and Directors in various activities to enhance their knowledge of implementing sustainability governance. Directors attending these activities are mandated to share acquired knowledge with their peers. Activities attended by Directors/Commissioners in 2023 include: [E.2] [2-17]

Training Topics	Number of Participants	Training Hours	Average Training Hours/Employee	Organizer
Indonesian Banking in Support of Indonesia Towards a Low Carbon Economy	4	30	7.5	BARa
Half Day Seminar on Climate Change Stress Testing	1	4	4	BARa & Moody's Analitics Singapore
OJK International Research Forum 2023 - Save the Planet: The Role of the Financial Sector in Supporting Carbon Reduction and Electric Vehicle Development	1	7.5	7.5	OJK
How to Manage Climate-Related Risks in the Banking Industry	1	3.5	3.5	OJK Institute
Managing Environmental, Social and Governance Risks and Opportunities	1	3	3	OJK Institute

Promoting a Culture of Sustainability through Activities [F.1]

As an effort to build a culture of sustainability, Bank Mega continues to encourage all employees to maintain environmentally friendly behavior, such as saving energy and water, or using bottles that are not just for single use. Bank Mega gives responsibility to the Corporate Culture & Change Management Specialist (CCCM) who is part of the Corporate Affairs Work Unit to monitor and evaluate the implementation of a culture of sustainability and the results will be reported to the President Director.

Moreover, in 2023, the Sustainable Finance Team undertook socialization efforts to cultivate a sustainability culture and delivered diverse training sessions on sustainable finance. This initiative aimed to enhance the competence and awareness of all employees in comprehending the environmental, social, and governance (ESG) aspects influencing financial performance. The Sustainable Finance team also assessed the portfolio of Sustainable Business Activity Categories (KKUB) and initiated the mapping of debtors' businesses per the Indonesian Green Taxonomy (THI).

Employee Appraisal

Bank Mega periodically conducts performance assessments of all employees. Performance appraisal measures work results and achievements against set targets, determines career aspirations, and measures job interests and needs. In 2023, all employees (100%) have undergone a performance review and have the opportunity to participate in all career development activities. [404-3]

Performance assessment is carried out based on the provisions stated in Decree Number 085/DIRBM/21 concerning Performance Assessment. Referring to Decree Number 079/DIRBM-HCRO/21 concerning Employee Promotion, competent employees will receive promotions to move up the level using a promotion mechanism for promotion. During 2023, 16.65% of employees will receive promotions.

Composition and Percentage of Employees Promoted

Assessment	Gender	2023		2022		2021	
		Total	%	Total	%	Total	%
Position Promotion	Male	59	7.38	52	6.40	53	6.38
	Female	74	9.26	60	7.38	66	7.94
	Total	133	16.65	112	13.78	119	14.32
Rank Promotion	Male	62	7.76	128	15.74	89	10.71
	Female	105	13.14	109	13.41	86	10.35
	Total	167	20.90	237	29.15	175	21.06
Rotation / Transfer	Male	285	35.67	238	29.27	267	32.13
	Female	214	26.78	226	27.80	270	32.49
	Total	499	62.45	464	57.07	537	64.62
Total		**799**		**813**		**831**	



Digitalization and Innovation of Product and/or Service Development [F.26] [3-3]

Bank Mega consistently innovates in developing digital products and/or services to uphold high-quality standards and provide equitable services to all customers and partners. Among the innovations implemented in 2023, the M-Smile application has been enhanced with QRIS TUNTAS (Transfer, Cash Transfer, and Cash Deposit) functionality at Bank Mega ATMs. This innovation simplifies cash withdrawal at ATMs and merchants, enables transfers to all banks, and facilitates cash deposits at merchants by simply scanning the QRIS code through the mobile banking application.

Bank Mega is responsible for developing and service innovations for the Transformation Project Unit that the President Director supervises. All innovation products related to M-Smile Mobile Banking refer to Letter from Bank Indonesia No. 22/125/DKSP/Srt/B dated 19 February 2020 concerning Approval for the Development of PT Bank Mega Tbk's Proprietary Channel Mega Smart Mobile (M-Smile). Bank Mega hopes that the presence of innovative products can make it easier for customers to carry out various transactions more easily and quickly.

Throughout 2023, the bank consistently advanced its information technology to enhance services for customers, encompassing the following initiatives:

1. Implementing an online credit card application for digital credit cards enables customers to conduct immediate online transactions without waiting for the physical credit card to be delivered.
2. The introduction of the Loan on Card feature allows customers to request fund disbursement of up to 50% of the credit card limit, accessible at any time through a fast and practical process.
3. Ongoing development to augment existing features and services, including:
   a) Enhancement of Payment Services with improvements to digital money top-ups, aeroplane ticket payments, insurance transactions, and motor vehicle tax settlements.
   b) Strengthening mobile banking security comprehensively to ensure application stability, guard against cybercrime, and secure customer data.
   c) Introducing loyalty point features in MPC Point provides a secure and convenient way to view credit card data.
4. Development of the National Standard Open API Payment System (SNAP) aligned with industry standards established by regulators.
5. Advancement of branch services to align with the digitalization trends in banking, specifically through implementing the Branch Delivery System Application.

Bank Mega will continue introducing more innovations in Mobile Banking M-Smile, Corporate Internet Banking, and other digital facilities to meet the evolving needs of Bank Mega customers.

Bank Mega Digital Credit Card

Bank Mega has introduced the Digital Credit Card, representing a progressive development from conventional credit cards aimed at enhancing the efficiency and effectiveness of credit card operations. The development of the Digital Credit Card aligns with Bank Mega's commitment to supporting Sustainable Development Goals (SDGs). Digital credit card utilisation contributes to reducing carbon emissions associated with the card printing process and minimizes paper usage in administrative processes conducted digitally.

Bank Mega Digital Credit Card

Bank Mega became one of the first private banks to implement QR Code Indonesia Standard (QRIS) in several ASEAN countries such as Thailand, Malaysia, and Singapore for cross-border QRIS Payment Services.

Customer Data Privacy and Security [3-3] [418-1]

The rapid advancement of technology has profoundly impacted the banking sector. Presently, customers enjoy the convenience of digital transaction activities. However, digitalization also introduces negative aspects, notably the surge in technological crimes, underscoring the utmost importance of ensuring customer data security.

In a continual effort to mitigate risks, Bank Mega has implemented a series of internal policies, as articulated in various vital documents. These include Decree Number SK: 078/DIRBM/23 on Consumer and Community Protection of PT Bank Mega, Tbk.; Decree Number SK: 090/DIRBM/23 on Information Security Policy; Decree Number SK: 114/DIRBM/23 on Information Technology & Cyber Risk Management; Circular Letter Number SE: 230/DIRBM-PMOC/21 on Self-Assessment of Consumer Education and Protection; Circular Letter Number SE: 137/DIRBM-PMOC/22 regarding Protection of Assets, Privacy, and Consumer Data in the Framework of Consumer and Community Protection; and Circular Number SE: 245/DIRBM-PMIC/23 on Cyber Resilience and Security.

The complete policy reflects Bank Mega's unwavering commitment to safeguarding the confidentiality and security of customer data. Bank Mega assures that only authorized employees or authorities with a proper warrant, as stipulated in Law Number 10 Year 1998 Article 40 Paragraph 1 concerning a bank's obligation to maintain customer information confidentiality and Law Number 27 Year 2022 on Personal Data Protection, can access customer data.

Providing the Best Service to Customers

Management Approach [3-3]

Customer service is critical to Bank Mega's continued growth. Bank Mega continues to strive to provide the best service to customers in a timely and professional manner, as well as implementing a customer complaint mechanism through branch offices and Mega Call to always handle all input, suggestions and complaints by applying the principles of accessibility, independence, fairness, efficiency and effectiveness.

Services Provided

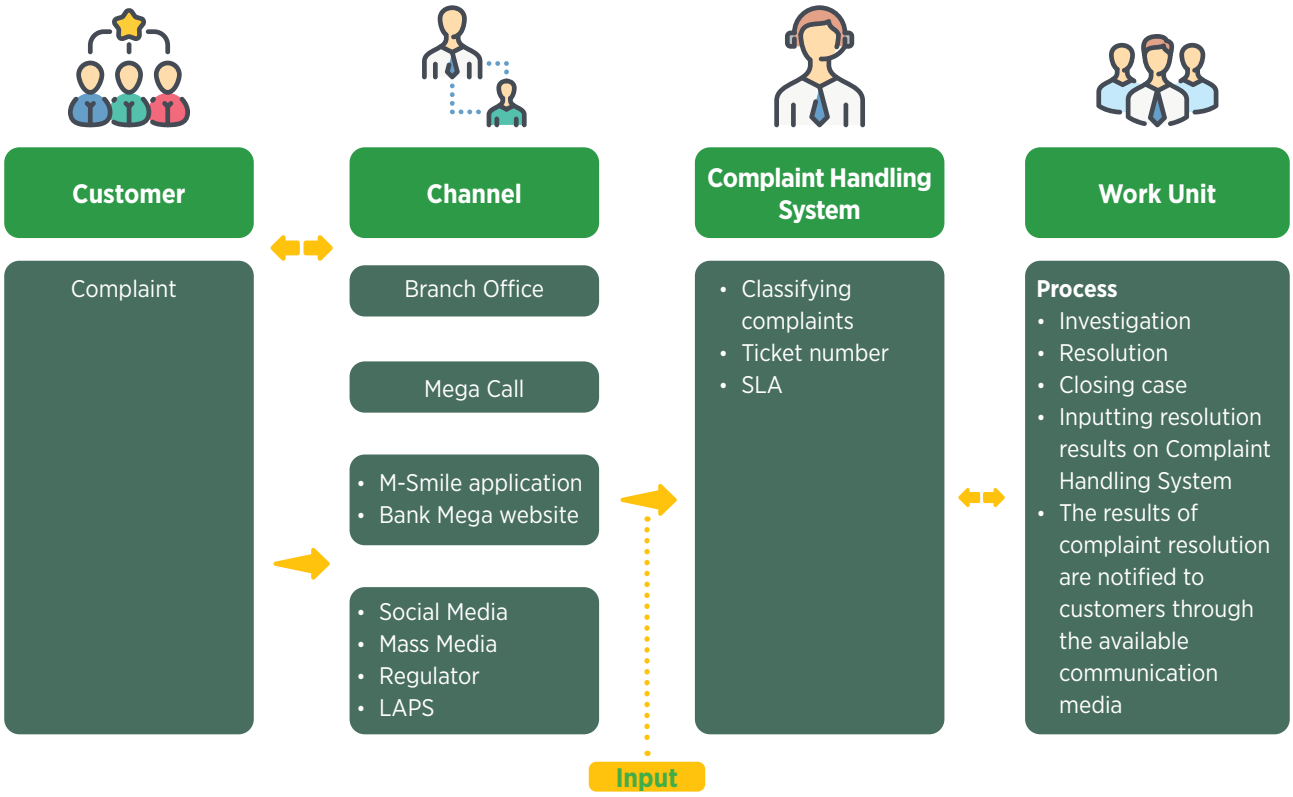
Bank Mega consistently upholds high-quality standards in delivering uniform products and services to all customers and partners. Our ongoing commitment is to provide leading services that meet and exceed customer needs and expectations, ensuring a positive and efficient banking experience. As part of Bank Mega's initiatives to offer cutting-edge services, we provide interbank transfer services through BI Fast with an unconditional fee of Rp0. [F.17]

In our ongoing pursuit of delivering exceptional service in customer transactions, we have expanded our service offerings by increasing the number of payment and purchase billers accessible through mobile banking, ATMs, and Internet banking. Additionally, Bank Mega has enhanced the convenience of conducting bond trading transactions in the secondary market via mobile banking. We aim to provide customers with a seamless and enjoyable banking transaction experience, all within easy reach.

Handling and Resolution Mechanisms Customer Complaints [F.16] [F.24]

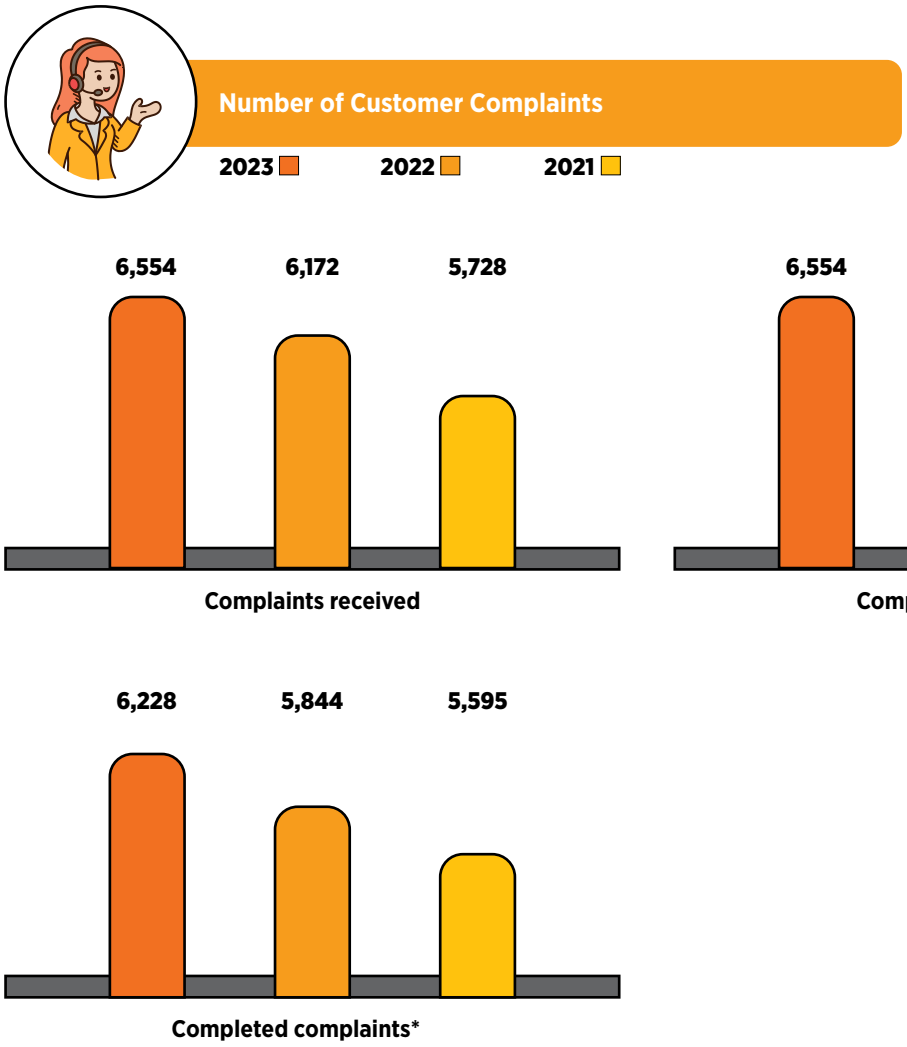
Bank Mega welcomes complaints from customers, communities, and other stakeholders regarding any issues related to our products and/or services, as well as environmental and social aspects. We offer various channels for receiving complaints, by Branch Offices, Mega Call, the customer complaint form on our website, social media, and the complaint form in the M-Smile application. All incoming complaints will be diligently addressed by the relevant units, aligning with the nature of the complaint submitted by the customer.

In 2023, Customer Care recorded 6,554 complaints regarding Bank Mega products and services. This number has increased by 6% compared to the previous year of 6,172 reports. The types of complaints most frequently received are regarding Credit Cards and Fund Transfers. However, all complaints (100%) have been appropriately followed up by Bank Mega.



Complaints from customers, the public, and other stakeholders can be submitted through:

- Customer Service in all Bank Mega branch offices
- Mega Call with 08041500010 or +6221 2960 1600 (from abroad)
- Customer Complaint Form accessible via the www.bankmega.com
- Social Media:
  - @BankMegaID (Twitter)
  - @bankmegaid (Instagram)
  - Bank Mega Indonesia (Facebook dan Youtube)
- Complaint Form that can be accessed through M-Smile Application



Note: Data as of 31 December 2023

Product and Service Safety Evaluation [F.27]

Bank Mega upholds a stringent security evaluation process and rigorous supervision for all products and services offered to customers before launch. This meticulous evaluation involves collaboration between Bank Mega and regulatory bodies, including Bank Indonesia and the Financial Services Authority. The assessment procedure adheres to legal frameworks, notably Law Number 10 of 1998, amending Law Number 7 of 1992 on Banking. Additionally, the evaluation aligns with Financial Services Authority regulations, specifically Regulation Number 6/POJK.07/2022 on Consumer and Community Protection in the Financial Services Sector and Regulation Number 11/POJK.03/2022 on the Implementation of Information Technology by Commercial Banks.

Bank Mega maintains a steadfast commitment to enhancing the security of its products and services by reinforcing its information technology systems. Additionally, the bank consistently disseminates information and conducts educational initiatives on transaction security and preventing technology-related crimes. Consequently, throughout 2023, there were no product or service recalls after their launch, and no financial fines or legal sanctions were incurred due to alleged non-compliance in providing information about banking products and services. [F.29]

Bank Mega consistently upholds its dedication to product and service security, a commitment integral to preserving customer trust. Demonstrating the success of this commitment, in 2023, Bank Mega achieved a position within the top 5 in customer satisfaction levels, as measured by the Satisfaction Loyalty Engagement (SLE) Index 2023 (KBMI III) conducted by Market Research Indonesia (MRI).

Customer Satisfaction Survey [F.30]

In 2023, customer satisfaction measurements will be done according to specific events and needs. However, in 2024, Bank Mega will routinely conduct customer satisfaction surveys at all service points. Bank Mega does this to improve the overall customer experience. Apart from that, every time a customer completes a transaction, they will be asked to provide feedback on their experience to ensure they get the best experience. Therefore, the customer satisfaction survey results will be reported in the next reporting period.

Financial Inclusion and Literacy [FS13] [FS14] [FS16]

Management Approach [3-3]

Bank Mega has followed up to POJK No. 3 of 2023 concerning Increasing Literacy and Financial Inclusion in the Financial Services Sector through education and financial inclusion programs. Apart from complying with authority regulations, Bank Mega also carries out these activities to increase public understanding, especially regarding financial management, introducing bank banking products, and inviting people to use financial services, especially in the banking sector. With people who understand more about financial literacy are expected to be able to help in daily financial management to improve their welfare.

The Corporate Affairs unit carries out Education and inclusion activities, supervised by the Director of Compliance and Human Capital, who periodically reviews performance achievements and achieves program targets.

"Ayo ke Bank" Program and "Customer Education" Program

Through the "Ayo ke Bank" program, Bank Mega will introduce the world of banking and provide education related to financial management to school aged children. In 2023, the "Come to the Bank" program will be implemented at Al Kautsar Middle School and will be attended by 50 school age children.

Furthermore, the "Edukasi Nasabah" program aims to educate customers on improving their ability to manage finances and increasing awareness of potential financial fraud. The "Customer Education" program was carried out through a digital campaign on Bank Mega's social media platform, followed by 369,670 netizens.

Bank Mega also conducts online financial inclusion programs through the "Ngobrol Bareng Mega" and "Pekan QRIS Nasional" programs. Apart from that, Bank Mega has also implemented the "Bulan Inklusi Keuangan" Program offline at Meriah Bareng Mega events in various cities throughout Indonesia and campaigns through Bank Mega's digital social media channels.

Corporate Social Responsibility (CSR) Activities [F.23][F.25]

Since 2008, Bank Mega has improved the infrastructure of 78 schools spread across Indonesia with a realized cost of Rp114.93 billion.

Mega Sharing [FS7]

Based on the Mega Sharing policy, they are stated in SE No.180/DIRBM-PMIC/23 concerning Mega Sharing. Mega Sharing Savings is a savings product intended for savings activities and assisting customers in distributing aid for social activities. Social activity is donations designed for Education, Public Health, Community Empowerment and Disaster activities in Indonesia. Donation funds will be obtained from the interest allowance customers should receive, at least 1% and added by Bank Mega by 1%.

Bank Mega collaborates with CT ARSA to execute the Education and Teaching Service Program (PIJAR), which is aimed at enhancing the capabilities of volunteer teachers. After undergoing specialized training, these volunteer teachers will be assigned to various remote areas in Indonesia for one year. The initiative reflects our commitment to elevating the quality of education in Indonesia.

In addition to offering basic knowledge, we extend financial literacy education to students to foster sound financial management knowledge. Simultaneously, we contribute to the improvement of school building infrastructure. Bank Mega firmly believes that a comfortable learning environment and proper infrastructure play crucial roles in enhancing students' overall quality of education.

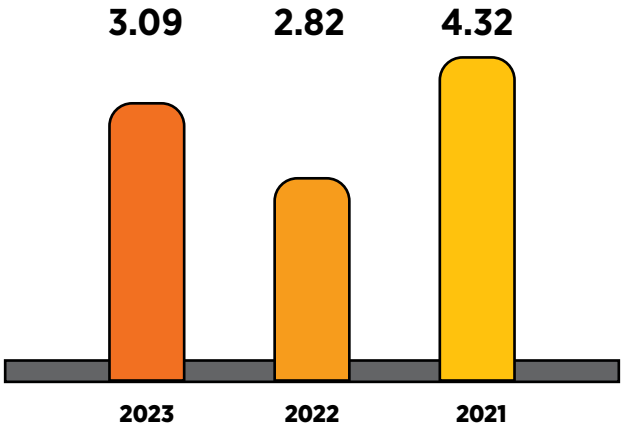
The oversight of the Mega Berbagi program falls under the purview of the Mega Berbagi Committee, comprising diverse stakeholders, including customer representatives. The Committee is steadfast in its commitment to ensuring that the program is executed in alignment with the principles of accountability and transparency.

Mega Peduli

Bank Mega remains steadfast in its commitment to actively contribute to the nation's welfare by diligently pursuing the realization of Sustainable Development Goals (SDGs), specifically focusing on fostering a healthy and prosperous life. In 2023, Bank Mega undertook various impactful activities as part of the Mega Peduli program, including:

1. Distribute 20,000 basic food packages to people in need around the office ahead of Eid al-Fitr.
2. Distribution of masks to employees in the context of Bank Mega's 54th anniversary.
3. Plant bamboo trees with Pusat Pelaporan Transaksi Keuangan (PPATK), Forum Komunikasi Direktur Kepatuhan Perbankan (FKDP), and KEHATI Foundation.

Mega Peduli Activity Cost (Rp Billion)





Implementing Responsible Business Practices and Creating a Sustainable Economy

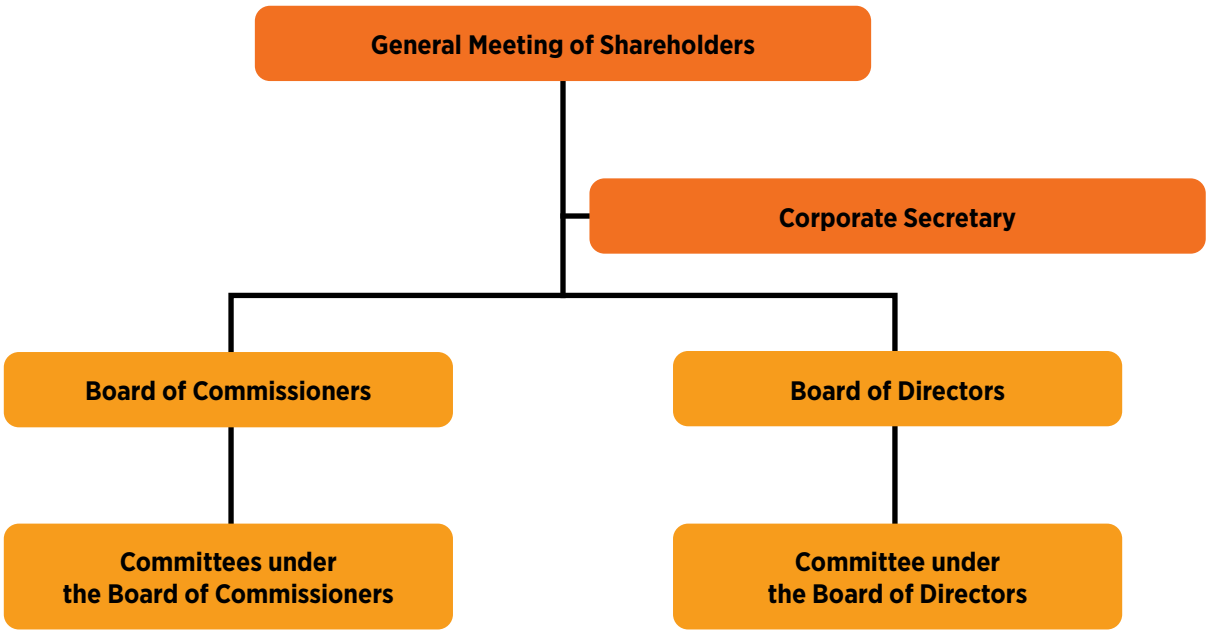
Sustainability Governance Structure [E.1] [2-9]

In compliance with the Limited Liability Company Law (UU), Bank Mega's governance structure comprises the General Meeting of Shareholders (GMS) as the highest organ, the Board of Directors managing the company, and the Board of Commissioners overseeing its activities. Furthermore, guided by the Remuneration and Nomination Committee's recommendations, shareholders possess the authority to determine remuneration and nominations for appointing the Board of Directors and Board of Commissioners. These decisions are later ratified at the GMS. The 2023 Annual Report provides detailed information on the GMS, the Board of Directors, the Board of Commissioners, their functions, the nomination and selection process, the remuneration ratio and performance evaluation. [2-9][2-10][2-11] [2-18] [2-20] [2-21]

Bank Mega has implemented good governance in accordance with:

- **Articles of Association of PT Bank Mega Tbk No. 08 of 2023.**
- **Financial Services Authority Regulation no. 17 of 2023 concerning implementing Governance for Banks for Commercial Banks.**
- **Circular Letter of the Financial Services Authority No.13/SEOJK.03/2017 on the Implementation of Governance for Commercial Banks.**

At the conclusion of each year, Bank Mega compiles and publishes a governance implementation report as a vital component of its commitment to information openness and transparency. [2-15][2-27]



Sustainable Finance Team [2-12] [2-13] [2-14]

In a dedicated effort to implement sustainable finance practices, Bank Mega, through Board of Directors Decree No. 153/DIRBM/19 dated June 20, 2019, delineating the Membership Structure of the "Sustainable Finance Team", has established a team comprising several working units. The Sustainable Finance Team is tasked with various responsibilities, including:

- Drafting a report on the Work Plan and Budget (RAKB).
- Compiling a sustainability report.
- Regularly reporting sustainability performance to the Compliance & Human Capital Director. The Compliance & Human Capital Director is responsible for reporting to the President Director for a comprehensive review, evaluation, and approval of the sustainability report's content.

Implementation of Sustainable Finance Policy [FS1]

By the end of 2023, Bank Mega successfully integrated the business criteria outlined in the sustainable finance policy. These criteria enable the bank to assess business credit eligibility, encompassing factors like document completeness, which includes certifications for specific sectors. Bank Mega also has other policies in place such as:

- Anti-fraud policy.
- Anti-corruption policy.
- Anti-Money Laundering Policy, Funding Prevention Terrorism, and Prevention of Weapons Proliferation Funding Mass Destruction (APU, PPT & PPPSPM).

This policy serves as a tool to ensure the proper implementation of good governance and is accessible on the Company's website.

Sustainable Finance Risk Identification [FS2]

Bank Mega has identified risks that pose challenges in implementing sustainable finance. To address each risk, the bank employs a prudent approach through four pillars, namely:



Active Supervision of the Board of Commissioners and Directors.



Internal Control System.



Suficiency of Policies, Procedures, and Limit Setting.



Suficiency of Risk Identification, Measurement, Monitoring and Control Processes.



Risk Management Information System.

Furthermore, Bank Mega has also incorporated LST risks into the company's risk profile, including: [201-2]

Risk Type		Description
	**Environmental Risk**	Extreme weather changes, which can affect the business activities of banks and debtors, such as floods and windstorms.
	**Social Risk**	Internal and external human resource competencies that might influence the bank's sustainability and the debtors' businesses.
	**Technology Risk**	Industrial transformation towards digitalization demands a high level of competence and integration.

Bank Mega has implemented risk management per the Bank Credit Policy, outlined in SK 088/DIRBM/20, with the first amendment in SE 165/DIRBM/22, covering corporate, indirect channel, commercial, MSME, and consumer segments as part of an effort to integrate sustainable finance into lending. Additionally, Bank Mega has adjusted credit terms by considering LST aspects and the risk profile of debtors.

The Compliance & Human Capital Director oversees ESG risks, and the results are subsequently submitted to the President Director. Risk management is also monitored by the Internal Audit Unit, which is responsible for assessing and overseeing the implementation of internal control systems, risk management, governance, and sustainable finance.

Risk Management Procedures on Sustainable Finance Implementation [E.3] [FS9]

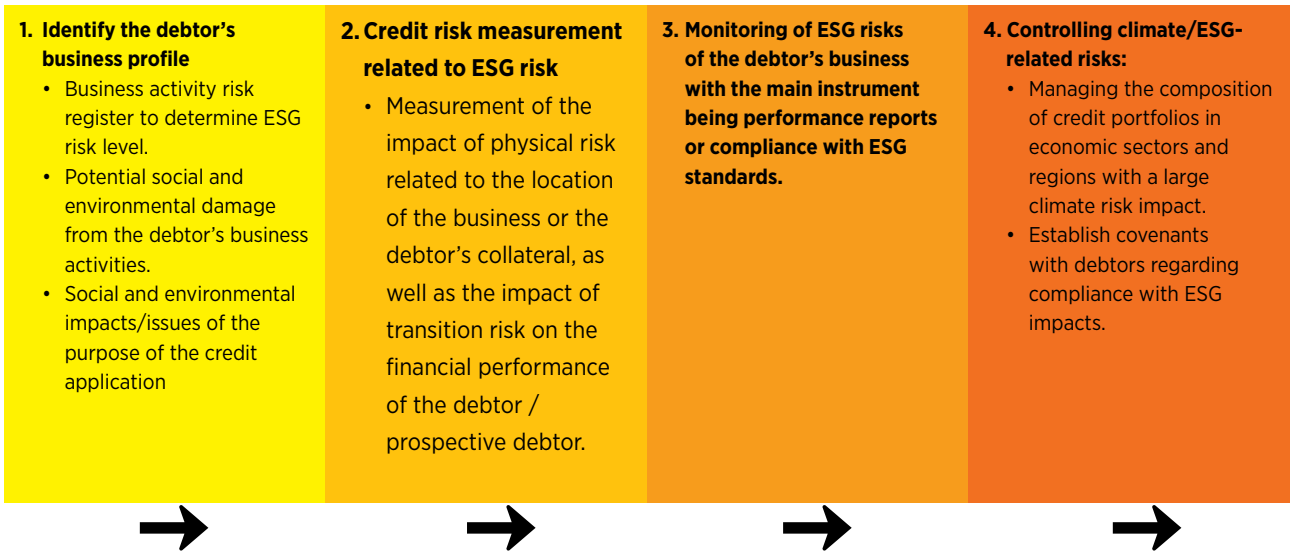
Sustainable finance in accordance with risk management policy procedures. In addition, the process of identifying, measuring, monitoring and controlling credit risk covering the Environmental, Social and Governance (ESG) impacts of the debtor's business activities is also carried out.

The risk management process also involves assessing the impact of climate risks, such as physical and transition risks, on the debtor's financial performance. Physical risks encompass those resulting from severe natural disasters (acute physical risks) and those gradually affected by long-term changes in climate patterns, such as rising temperatures and sea levels (chronic physical risks). Transition risks arise from changes in government and stakeholder policies, technological advancements, social dynamics, and the evolving objectives of the global economy toward a low-carbon model.

The effectiveness of risk management, particularly in the credit granting process, is expected to support Bank Mega in achieving Sustainable Development Goals (SDGs).

The following outlines a risk management procedure in the credit granting process that takes into account the implementation of sustainable finance and Environmental, Social, and Governance aspects:

Stages of Risk Management Procedures for Sustainable Finance Implementation



Bank Mega has commenced mapping its loan portfolio to assess the impact of climate risks, encompassing both physical and transition risks. Furthermore, Bank Mega is currently developing a Stress Testing methodology specific to climate risks, aiming to evaluate potential losses that could impact the Bank's capital.

Issues on the Implementation of Sustainable Finance

[E.5] [FS9]

Bank Mega acknowledges the various challenges associated with implementing sustainable finance, encompassing both internal and external aspects.

- **internal**
  - » Bank Mega must enhance awareness among all employees to foster a culture of sustainability. This culture is crucial as the foundation for understanding the necessity of sustainability implementation across all business lines, particularly in credit-related activities.
  - » The Bank also needs to establish policies that promote a sustainability culture among employees and ensure that other policies concerning business processes and risk management issued by the Bank align with a culture of sustainability.

- **External**
  - » Bank Mega must collaborate with debtors that are playing a significant role in transitioning business activities towards an environmentally friendly economy.
  - » Obtaining disclosure from debtors regarding data related to climate risks, such as emissions and ESG-related business activities, is essential. This data is necessary for accurately measuring the credit risk of the debtor.

In response to the challenges, Bank Mega continues to educate all employees and debtors. This effort is undertaken because implementing sustainable finance serves not only for immediate profit but also as a responsibility to sustain the business long-term by enhancing the efficiency of natural resource usage. Furthermore, the Bank will consistently review its policies to ensure alignment with the culture of sustainability.

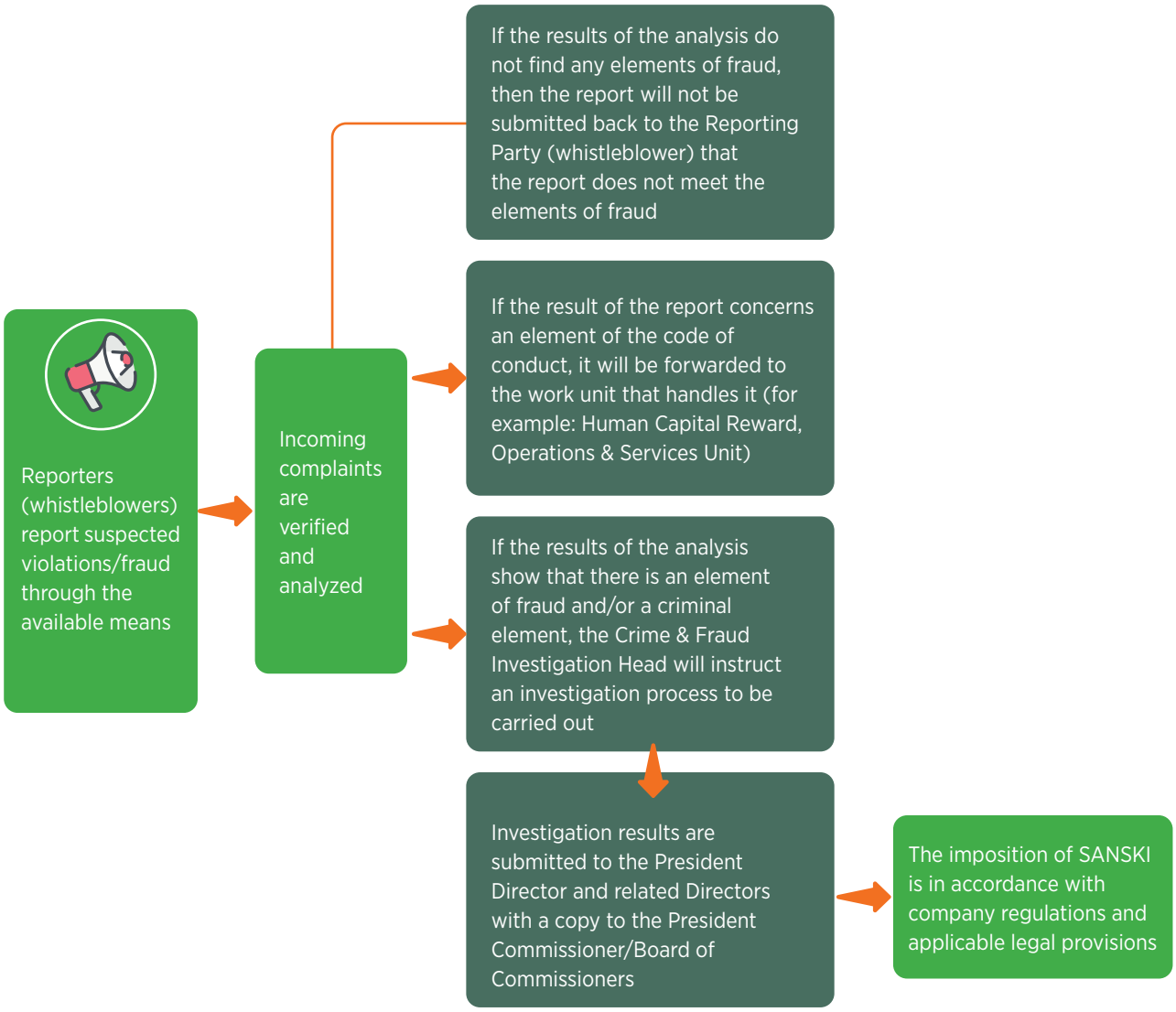
Bank Mega will coordinate with debtors to educate and increase awareness, encouraging them to conduct business activities considering ESG factors to mitigate external challenges. Additionally, the bank will ensure that its requirements for climate risk data from debtors can be fulfilled.

Whistleblowing System [2-16] [205-3] [2-26]

Bank Mega has committed to implementing a Whistleblowing System (WBS) to implement Good Corporate Governance. Bank Mega wants to create a clean, safe, and transparent business environment by implementing the WBS system. Bank Mega is expected to encourage awareness among employees and other stakeholders in disclosing violations.

The Crime and Fraud Investigation (CFIN) Work Unit assumes complete responsibility for systematically implementing the Work Breakdown Structure (WBS), providing regular reports on all WBS outcomes to the Board of Directors. Throughout 2023, Bank Mega received and effectively addressed 11 WBS reports, ensuring alignment with pertinent legal and regulatory frameworks. [2-16]

The Whistleblowing System can be accessed through
E-mail : fbi@bankmega.com
Telephone (Fixed Line): +6221-7915000 via ex. 15.112, 15.115, 15212 and 15215. Phone/SMS/ Whatsapp : 0822-0822-0500 and 0822-0822-1999
Address: Crime & Fraud Investigation (CFIN) Unit, Menara Bank Mega Lt. 15 Jl. Kapten Tendean No. 12-14 A Jakarta 12790



Corporate Support for Anti-Corruption [205-1] [205-2] [205-3]

The Company enforces zero tolerance towards corruption and the abuse of power for personal gain, aligning with the implementation of SK. No. 084/DIRBM/2022 on the Anti-Fraud Strategy signed by the Board of Directors in 2022. Additionally, the Company conducts periodic anti-fraud training for all employees, covering various topics, including:

- Anti-Fraud Strategy
- General knowledge of Banking Law No. 10/1998
- Whistleblowing System
- Banking crime modus operandi and preventive measures.

Fundamentally, several units, such as the PRFS Unit, tend to have relatively high corruption risks. However, throughout the reporting period, the Company has not received any complaints related to allegations of anti-corruption violations, either involving employees or business partners. Bank Mega has also not faced any public legal cases related to alleged corruption.

Stakeholder Engagement [E.4] [2-29]

Bank Mega consistently engages key stakeholders in all activities and actively endeavors to meet the needs of each stakeholder group. These efforts are guided by thorough mapping, considering the proximity and impact of stakeholders on the Company.

Stakeholder	Means of Engagement and their Frequency	Significant Topic and Stakeholders' Needs	Bank Mega Response
Investor and Shareholder	• General Meeting of Shareholders (GMS): once a year • Extraordinary General Meeting of Shareholders (EGMS): if necessary • Quarterly Report • Annual Report • Sustainability Report	• Financial performance • Sustainability performance	• Organizing GMS and EGMS • Reporting on financial performance (Public Expose)
Customer	• Banking activities: at any time • Via contact center: Mega Call 08041500010/(+62) 29601600, website, and social media at any time	• Response and solution over inputs, complaints, and information requests • Banking products development, including digitalization • Privacy protection and data security • Education and training • Excellent services • Financial literacy and inclusion	• Providing 24-hour communication media and services • Following up complaints received, • Exploring customer needs, and developing product innovation and services, including digital banking • Protecting data privacy and security • Providing financial literacy and inclusion program

Stakeholder	Means of Engagement and their Frequency	Significant Topic and Stakeholders' Needs	Bank Mega Response
Regulator	• Compliance reporting: at least once a year • Submission of evidence AGMS announcement and EGMS, Financial Report Annually, Monthly, and Quarterly. • Public Administration Exposure: minimum once a year.	• Regulatory compliance implementation of Prudent Principles and Corporate Governance • ESG risk analysis in credit lending • Anti-Fraud, Anti-Corruption, Anti-Money Laundering and Counter Terrorism Financing (APU – PPT)	• Compliance report • Report of RAKB • Report of annual report and sustainability report • Other meetings such as pre-exit meeting and exit meeting • AGMS Results Report and Public Expose
Employee	• Internal communication media: at any time • Ad-hoc internal meeting: at any time • Sharing session per policies of respective work unit • Banking services and/ or facilities that can be accessed at any time	• Industrial relationship • Employees'rights and obligations • Career development opportunities, competency, training, and education • Occupational health and safety	• Providing whistleblowing channel • Protecting employees' rights per the Company's Regulations, • Providing training and developments • Managing work assessment, promotion, and mutation
Business Partner/Supplier/ Vendor	• Website interaction: at any time • Vendor code of conduct • Meeting with Goods Procurement Committee: if needed, at least once a year	• Transparent goods and/or services procurement • Fair work contract • Timely payment • Mutually profitable work relationship	• Providing necessary information to accelerate the procurement and work process • Disseminating policies and code of conduct • Establishing business communication • Ensuring timely payment
Media	• Press Release: if needed, or incidental by nature • Information disclosure: at any time if necessary	• Company information and data, among which are company's finance, products, and corporate actions	• Conducting press release • Publishing media content and reports

Identification of Material Topics and Sustainability Issues

On December 21th, 2023, Bank Mega identified and mapped material topics relevant to the context of sustainability and contributed to the attainment of Sustainable Development Goals (SDGs). The bank facilitated a discussion led by an independent party serving as an expert team, which delved into business activities' actual and potential impacts, conducting an impact analysis. The outcome of this discussion identified six material topics aligned with the sustainability context and supportive of SDGs.

There are additional material topics and differences in material topic titles in the 2023 reporting. This difference is because Bank Mega has adjusted important issues during 2023 according to the priorities for disclosing secular topics. [3-1] [3-2]

Material Topic and Sustainability Issue

No.	Material Topic	Sustainability Issue
1	 Sustainability Financing	1. The achievement of disbursement of funds (credit) in accordance with the Sustainable Business Activity Category exceeding the target in RAKB 2022 was mainly sourced from the corporate segment, both from new loans and utilization of credit facilities. 2. Implementation of sustainable finance in creditworthy business criteria 3. Economic performance resilience 4. Operational cost efficiency 5. Credit growth 6. KKUB portfolio growth 7. Anti-Fraud and AntiCorruption, Anti-Money Laundering and Prevention of Financing of Terrorism (AML-CFT) 8. Regulatory compliance and corporate governance
2	 Customer Privacy and Data Security	1. Maintain information and transaction security 2. Regulatory compliance and corporate governance
3	 Digitalization and Innovation	1. Applying digital technology innovation 2. Regulatory compliance and corporate governance
4	 Training, Development, and Technology Engagement	1. Sustainable Finance Training 2. Competence development and career path training 3. Competence development training for customers and the public
5	 Financial Inclusion and Literacy	1. Trainings on financial inclusion and financial literacy
6	 Service Excellence	1. Maintain customer satisfaction levels 2. Manage all feedback, suggestions, and complaints fairly, quickly, and consistently

Economic Performance 2023

In 2023, Bank Mega succeeded in recording positive performance with a profit before tax of Rp3.51 trillion. This result comes from interest income and fee based income. Apart from that, Bank Mega has disbursed credit amounting to Rp66.29 trillion, decrease 5.69% compared to the previous year of Rp70.29 trillion. Credit provision is dominated by two credit segments: corporate and joint financing.

Bank Mega regularly manages credit quality by assessing debtors' repayment capabilities and conducting thorough analyses. This proactive approach has enabled Bank Mega to sustain stable profits and maintain high credit quality. The bank has also implemented a policy to keep the Loan-to-Deposit Ratio (LDR) within the range of 74.03%, ensuring liquidity is maintained. These diverse efforts are periodically evaluated by the Financial Control Work Unit and submitted to the President Director.

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

Description	2023	2022	2021
Direct Economic Value Generated			
Total Assets	132.05	141.75	132.88
Credit Distributed	66.29	70.29	60.68
Third Party Funds	89.44	102.95	98.91
Net Interest Income	5.53	5.87	4.84
Non-Interest Income	2.29	2.50	3.14
Net Operating Income	4.33	5.00	4.94
Net Profit	3.51	4.05	4.01
Total Direct Economic Value Generated (A)	**303.54**	**332.41**	**304.50**
Direct Economic Value Distributed			
Other Operating Costs	3.49	3.36*	3.04*
Salary and Allowance for Employees and Director	1.46	1.36	1.32
Dividend Payment	2.84	2.80	2.10
Total Economic Value Distributed (B)	**7.79**	**7.52***	**6.46***
Total Retained Economic Value (A-B)	**295.75**	**324.89***	**298.04***

Note:

*There is a restatement of information from the Report Sustainability 2022 [2-4]

Financial Ratio (%)

Description	2023	2022	2021
Minimum Capital Adequacy Ratio	26.17	25.41	27.30
Non-performing earning assets and non-productive assets to total peoductive assets and non-productive assets	1.58	1.13	1.04
Non-performing earning assets to total earning assets	0.99	0.78	0.66
Allowance for impairment losses (CKPN) of financial assets to earning assets	0.56	0.49	0.46

Description	2023	2022	2021
Gross NPL	1.57	1.23	1.12
NPL Nett	1.18	0.91	0.81
Return on Asset (ROA)	3.47	4.00	4.22
Return on Equity (ROE)	17.62	23.15	23.49
Net Interest Margin (NIM)	5.21	5.42	4.75
Efficiency Ratio (BOPO)	65.36	56.76	56.06
Loan to Deposit Ratio (LDR)	74.03	68.04	60.96

Financial Performance Realization in 2023 (Rp Trillion) [F.2] [F.3]

Description	2023	2022	2021
Net Operating Income			
Target	5.52	5.31	4.31
Realization	4.34	5.00	4.94
Net Profit (Loss)			
Target	4.46	4.30	3.50
Realization	3.51	4.05	4.01

Note: The target for channeling funds by sustainable finance is to grow 5% from the position in December 2022 Rp24.9 trillion.

Bank Mega recognizes that various factors influence economic performance. It is not just quantifiable elements; climate and social conditions also significantly impact economic resilience. The rising temperature of the Earth's surface has led to shifts in consumption patterns, business activities, and risk management approaches. In 2023, Bank Mega did not incur significant losses due to climate change. Nevertheless, this risk warrants careful observation, especially when analyzing financing risks in industries that negatively impact climate risk. Furthermore, in 2023, Bank Mega received no financial assistance from the Government. [201-2] [201-4]

Climate Risk Stress Test (CSRT) [FS11]

- Credit Risk

  Bank Mega has meticulously undertaken a climate-related stress test to assess credit risk, encompassing physical and transition risks thoroughly. In the evaluation of material risks, such as floods, droughts, and forest fires, the bank intricately mapped the collateral locations of consumer credit debtors with property-backed assets, alongside pinpointing the business locations of debtors operating in the Agriculture, Forestry, and Fisheries sectors. In the realm of transition risks, Bank Mega conducted mapping for debtors entrenched in industries marked by high emissions, including the Construction sector, Agriculture, Forestry, and Fisheries sector, Energy sector, Mining and Quarrying sector, Transportation and Warehousing sector, and Processing Industry sector.

Furthermore based on the mapping results, Bank Mega will project the anticipated impact of flood risk on debtors' collateral, expecting a subsequent decrease in collateral value. Additionally, the bank will thoroughly assess potential losses from debtors in the Agriculture, Forestry, and Fisheries sectors due to risks such as droughts and forest fires. Furthermore, Bank Mega will delve into detailed projections of debtors' financial conditions in response to transitional risks, such as the assumed imposition of a carbon tax. This assumption involves a significant projected increase in carbon prices, consequently heightening costs that debtors will be compelled to incur.

- Market Risk
  Bank Mega has conducted a comprehensive risk identification process for calculating carbon emission estimates within Scope 3. The bank systematically mapped transition risks associated with its held securities to specific economic sectors. Furthermore, it established the CRST framework - Market Risk, which includes scenarios (short-term & long-term), time horizon, data requirements (macroeconomic data, counterparty & bond rating), shock stress tests (increase in interest rate & yield of securities), and the impact of climate risk (decrease in marked-to-market value of securities).

- Operational Risk
  Bank Mega has identified physical risks from sudden climate changes, such as flood and fire risks. These climate changes pose the potential for detrimental impacts on the bank's assets, including office buildings (both the head office and branch offices), and other potential damages that could result in a loss of value for Bank Mega.

  To mitigate these risks, Bank Mega has implemented a measurement strategy involving mapping branch offices, regional offices, data centers, and the head office based on data from the Indonesian Disaster Risk Index (IRBI), which identifies potential disaster-prone areas. Additionally, Bank Mega has calculated possible loss values using historical data available to the bank. Based on the outcomes of this mapping process, Bank Mega is equipped to project potential loss values attributable to the impact of these physical risks. Based on the mapping results, the Bank could project the loss value due to the physical risk impact.

Implementation of Sustainable Finance

Management Approach [3-3]

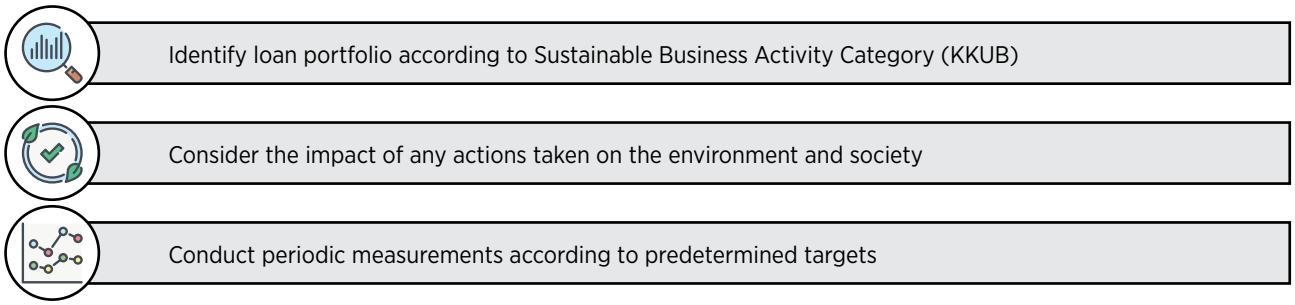
The implementation of sustainable finance carried out by Bank Mega has directly impacted financial performance. In addition, Bank Mega has considered environmental, social, and governance aspects in business and operational processes. Bank Mega implements sustainable finance based on POJK No. 51/POJK.03/2017 concerning Implementing Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies.

Bank Mega has a Sustainable Finance Team structure. This team is responsible for the Strategic & Business Development Division (SBDV), which is chairman of the Sustainable Finance Team. 15 other Divisions also assist the Sustainable Finance Team. The Director of Compliance & Human Capital monitors team performance.

ESG-Informed Credit Portfolio

As a form of support to the implementation of sustainable finance in Indonesia, Bank Mega has managed its credit portfolio with LST perspective.

ESG-oriented credit portfolio management process flow:



Essentially, Bank Mega manages its credit portfolio through a comprehensive approach, drafting policies on credit guidelines and setting a growth target of up to 5% for the sustainable finance credit portfolio over a one-year period. The targets and objectives of managing an LST-oriented credit portfolio are carried out in line with the Government's guidance and the targets of Sustainable Development Goals (SDGs).

Furthermore, Bank Mega prioritizes specific economic sectors for credit financing, including construction and agriculture, hunting, and forestry. This selection is based on sectors showing positive growth potential even in uncertain economic conditions, such as national strategic projects and lending to conglomerate groups with strong financials, particularly companies with solid ratings and financial conditions. Credit financing is extended to eligible debtors, and Bank Mega conducts periodic monitoring and evaluation of each debtor. In the event of a default, an assessment is carried out to decide on the continuation of credit. This effort aims to encourage debtors and potential debtors to enhance their LST performance and serve as a means to minimize and mitigate the negative impacts of each industry's business activities. [FS3]

Sustainable Financial Performance

Bank Mega has filtrated financing sectors prone to negative environmental impact, including transportation, palm oil, and manufacturing, to promote sustainable finance. The Bank is set to progressively reduce or implement improvement plans over a specified period for sectors with a high risk of environmental damage.

Furthermore, Bank Mega's steadfast commitment to sustainable finance is exemplified through the distribution of KKUB credits. In 2023, the KKUB credit distribution surged to Rp24.9 trillion, marking an impressive increase of 36.4% compared to the Rp18.25 trillion recorded in 2022.

Bank Mega has categorized its financing portfolio to debtors into eight KKUBs. As of the end of the reporting period, the amount of KKUB financing provided by Bank Mega grow to Rp6.7 trillion, with funding for each category as follows:

- **Renewable energy category: Rp331 billion**
- **Energy Efficiency: Rp181 billion**
- **Sustainable Management of Living Natural Resources and Land Use: Rp895 billion**
- **Green Transportation: Rp104 billion**
- **Eco-efficient Products (Products that Use Less Resources and Pollute Less): Rp2.1 trillion**
- **Environmentally Sound Buildings that meet Nationally, Regionally, or Internationally recognized Standards or Certifications: Rp2.4 trillion**
- **Other Environmentally Sound Business and/or Other Activities: Rp709 billion**

Total Realization Sustainable Finance Financing (Rp Billion)

Description	2023 (December)		2022 (December)	
a. Funds Raising	NoA	Rp Billion	NoA	Rp Billion
	19,604	459.4	23,749	519
b. Funds Distribution	CIF	Rp Billion	CIF	Rp Billion
	93	24,900	98	18,245
Total Productive Assets of Sustainable Business Activities		91,122		18,245
a. Total Sustainable Business Financing Loans (RP)		24,900		18,245
b. Non-Sustainable Business Activities (RP)		-		-
Percentage of total credit/financing of sustainable business activities to total bank credit/financing (%)		38%		26%
Amount and quality of credit/financing by category of sustainable business activities	(Rp)	NPL (%)	(Rp)	NPL (%)
• Renewable energy	331	-	0	0
• Energy Efficiency	181	-	0	0
• Pollution Prevention and Control	-	-	0	0
• Sustainable Management of Natural Biodiversity and Land Use	5,006	-	4,111	0
• Terestrial and Aquatic Biodiversity Conservation	-	-	0	0
• Eco-friendly Transportation	569	-	465	0
• Sustainable Water and Wastewater Management	-	-	0	0
• Climate Change Adaptation	-	-	0	0
• Products designed to minimize resource usage and reduce pollution (Eco-efficient)	2,097	-	0	0
• Eco-friendly Buildings adhering to Nationally, Regionally, or Internationally recognized Standards or Certifications	3,417	-	1,058	0
• Business Activities and/or Other Environmentally Sound Activities	13,254	-	12,545	0
• MSME Activities	46	-	66	0.59

Realization and Target of Sustainable Finance Financing (Rp Billion)

Lending by KKUB	Financing Realization
• Renewable energy	331
• Energy Efficiency	181
• Pollution Prevention and Control	-
• Sustainable Management of Natural Biodiversity and Land Use	5,006

Lending by KKUB	Financing Realization
• Conservation of Terrestrial and Aquatic Biodiversity	-
• Eco-friendly Transportation	569
• Sustainable Water and Wastewater Management	-
• Climate Change Adaptation	-
• Products designed to minimize resource usage and reduce pollution (Eco-efficient)	2,097
• Eco-friendly Buildings adhering to Nationally, Regionally, or Internationally recognized Standards or Certifications	3,417
• Business Activities and/or Other Environmentally Sound Activities	13,254
• MSME Activities	46

Lending per Segment (Rp Billion) [FS6]

Description	2023	2022	2021
Corporate Credit	24,370	17,904	16,012,86
Energi Terbarukan	331	-	-
Efisiensi Energi	181	-	-
Sustainable Management of Living Natural Resources and Land Use	4,973	4,066	3,105,28
Eco-friendly Transportation	569	465	369,47
Eco-Efficient Products	1,847	-	-
Eco-friendly Buildings that Comply with Nationally, Regionally, or Internationally recognized Standards or Certifications	3,232	870	938,07
Business Activities and/or Other Environmentally Sound Activities	13,237	12,503	11,600,04
Commercial Loans	471	256	526.26
Sustainable Management of Living Natural Resources and Land Use	20	20	0
Eco-Efficient Products	250	-	-
Eco-friendly Buildings that Comply with Nationally, Regionally, or Internationally recognized Standards or Certifications	185	188	189.50
Business Activities and/or Other Environmentally Sound Activities	16	40	336.76
Retail Loans (MSME & Consumer)	59	8	95
Sustainable Management of Living Natural Resources and Land Use	13	83	24.39
Eco-friendly Buildings that Comply with Nationally, Regionally, or Internationally recognized Standards or Certifications	-	24	0
Business Activities and/or Other Environmentally Sound Activities	-	1	0
MSME Activities	46	58	70.61

Credit Distrobution Basen on Economic Sector for 2023

Economic Sector	Total of Debtors Customer Information File (CIF)	*Loans Outstanding* (Rp Billion)
Socio-cultural Community Services Entertainment	2	0.22
Processing Industry	14	5,485
Electricity, Gas, and Water	1	331
Construction	8	3,051
Accommodation and Drinking Food Provision	12	2,164
Wholesale and Retail Trade	32	57
Mining and Excavation	3	6,933
Agriculture, Hunting, and Forestry	8	5,379
Real Estate, Rental Business, and Corporate Services	5	815
Transportation, Warehousing, and Communication	4	684
Financial Intermediary	1	0.70
Individual Services Serving Households	0	-
Fisheries	1	0.31
Household	2	1.38
Total	93	24,900

Credit Portfolio Mapping of Sustainable Business Activities Category

Bank Mega has organized its credit portfolio according to KKUB guidelines outlined in OJK Regulation No. 51/POJK.03/2017. Regularly, the Bank fosters positive relationships with debtors, engaging in discussions about opportunities and risks linked to ESG aspects. It actively encourages debtors' businesses to be part of KKUB. Bank Mega aspires for each debtor to comprehend, leverage opportunities, and address LST risks effectively, contributing to the development of sustainable business activities. [FS5]

- **KKUBs that Support Biological Resources Management and Sustainable Land Use** [FS10]
  We have 1 debtor that holds the Indonesian Sustainable Palm Oil (ISPO) and/or Roundtable on Sustainable Palm Oil (RSPO) certification. [FS10]
- **KKUB that Supports Green Transportation**
  Loans are extended through collaborative financing arrangements with other banks to support the investment requirements of the Jabodebek LRT project, including facilities and infrastructure.
- **KKUBs that Support Business Activities and/or Other Environmentally Sound Activities**
  Extended to debtors meeting the criteria of sustainable financial businesses focusing on enhancing environmental quality.
- **KKUB that Supports Business Activities and/or Other Activities of Micro, Small, and Medium Enterprises (MSMEs) Activities**
  As an effort to fund the working capital and investment requirements of debtors meeting the criteria of Micro, Small, and Medium Enterprises (MSMEs).



Lending by Category of Sustainable Business Activities (Rp Billion)

Category of Sustainable Business Activities	2023	2022	2021
Renewable energy	331	-	-
Energy Efficiency	181	-	-
Biological Resources Management	5,006	4,111	3,130
Eco-friendly Transportation	569	465	369
Building with Eco-Friendly Standards	2,097	-	-
Environmentally-related Business Activities	3,417	1,058	1,128
MSME Activities	13,254	12,545	11,937
Biological Resources Management	46	66	71
Total	**24,900**	**18,245**	**16,634**

Impact of Sustainable Financial Products and/or Services [F.23] [F.28]

All sustainable financial products and/or services will serve as the foundation for every financial decision. Implementing sustainable financial products and/or services has positive and negative implications for customers. Sustainable financial products and/or services have the potential to enhance global economic competitiveness and can contribute to supporting environmental sustainability, efficiency, and the achievement of sustainable development goals.

Nevertheless, implementing sustainable finance entails the potential for adverse consequences should debtors neglect regulatory adherence, consequently exposing themselves to the risk of penalties or fines. In response, Bank Mega diligently conducts educational initiatives tailored for all customers, ensuring robust regulatory compliance and fostering unwavering support for sustainable environmental conservation.



About the Report [2-2] [2-3] [2-4] [2-5]

Tentang Laporan [2-2] [2-3] [2-4] [2-5]

The PT Bank Mega Tbk Sustainability Report is published to provide information related to the Company's economic, social, environmental, and governance performance, commitment, and accountability to all stakeholders. The 2023 Sustainability Report and Annual Report form a complementary unit. Published annually, the Sustainability Report covers the period from January 1 to December 31, 2023. The 2022 Sustainability Report has already been published on the Company's website at 2nd February 2023. This report is prepared with reference to:

- Financial Services Authority Regulation (POJK) No.51/POJK.03/2017.
- Circular Letter of the Financial Services Authority (SEOJK) No. 16/SEOJK.04/2021.
- Global Reporting Initiative (GRI) 2021 standards, with conformity: 'reference to the GRI Standards', and GRI Financial Services Sector Supplement.

There are changes and restatements for information in this report. The Sustainability Report has not undergone third-party verification, all financial data is derived from audited financial statements by a public accounting firm (KAP), consolidating information from all Bank Mega working units across Indonesia. Electricity consumption data originates from the head office, and water usage and fuel consumption data encompass the head office and all branches of Bank Mega. The report excludes other entities as Bank Mega does not possess subsidiaries. Every data point and information disclosure has undergone approval and verification by relevant internal parties, including the Head of the Company. [G.1]

Feedback on Last Year's Report [G.3]

Until the end of 2023, the Company garnered feedback to enhance information pertaining to sutainable finance and start identifying debtors in accordance with the sustainable business activities categories (KKUB). Thus, in this report, Bank Mega endeavors to deliver that information more comprehensively.

Determination of Report Content and Quality [3-1]

The Bank Mega 2023 Sustainability Report was prepared based on accuracy, balance, clarity, comparison, completeness, sustainability context, timeliness, and verifiability. The content determination and preparation process were conducted internally and approved by the Compliance & Human Capital Director, who is responsible for all sustainable finance activities.



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Reference POJK No. 51/POJK.03/2017, SEOJK No. 16/SEOJK.04/2021, and GRI Standard Content Index [G.4]

POJK No. 51/POJK.03/2017 and SEOJK No. 16/SEOJK.04/2021

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GRI Standards Content Index

Statement of use	PT Bank Mega Tbk has reported the information cited in this GRI content index for the period 1 January – 31 December 2021 with reference to the GRI Standards.
GRI 1 used :	GRI 1: Foundation 2021

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Feedback Sheet [G.2]

PT Bank Mega Tbk 2023 sustainability report provides an overview a description to the financial and sustainability performance. We welcomes your comments on this sustainability report via email or this form.

Your Profil

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

Categories of Stakeholder

- o Shareholder and Investor
- o Customer
- o Employee
- o Government
- o Media
- o Businerss Partner
- o Community
- o Others, please mention: .....

Choose the Best Response Below

	Yes	No
This report is easy to be understood	☐	☐
This report is useful for you	☐	☐
This report describes the Company's performance in sustainability performance	☐	☐

Give Score to the Level of Material Topics Deemed Significant for you for the Sustainability of PT Bank Mega Tbk (score 1 = least significant up to 6 = most significant)

- Sustainability Financing [ ]
- Customer Privacy and Data Security [ ]
- Digitalization and Innovation [ ]
- Training, Development and Technology Engagement [ ]
- Financial Inclusion and Literacy [ ]
- Service Excellence [ ]

Other suggestions or information related to the report:

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Thank you very much for your input. Kindly send this feedback form to the following email address or directly:

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