



PT. ARTHAASIA FINANCE (AAF)

SUSTAINABLE REPORT

2020

JAKARTA

April 2021

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1. Explanation of the Sustainable Strategy

In line with the policies of Hitachi Pusat (Hitachi Capital Corp.) PT. Arthaasia Finance has contributed to solving social problems by promoting innovative solutions, accelerating the creation of good cooperation with partners and stakeholders and further integrating social and environmental responsibility into our business. PT. Arthaasia Finance has made efforts to build relationships with the community and contribute to their development with the aim of solving social problems. PT. Arthaasia Finance continues to develop services that contribute to social development by considering the impact on society.

Sustainability financial objectives of PT. ArthaAsia Finance are:

a. Environment

- Promote information disclosure
 - Promote environmental / energy business
 - Promote energy-saving activities within the company
- Goal: Zero CO2 emissions

b. Appreciate employees

- Diversity & inclusion
 - Creating a useful and attractive workplace
 - Promote a variety of human resources that develop in the workplace
- Goal: 80% employee engagement

c. Fair Management

- Maintaining the independence of the Board of Directors
 - Strengthening risk management globally within the company
 - Further strengthening the three lines of defense, business operations, administration and internal audit.
- Goal: Promote disclosure of information to ensure management transparency.

2. Overview of the Performance Aspects of Sustainability

2.1. Economic Aspects

Description	Year		
	2018	2019	2020
Operating income *	403.025.905.875	486.865.443.359	432.718.613.438
Net profit*	-18.606.480.883	5.088.578.473	-31.130.555.884
Performance of Economic Aspects Related to Sustainability			
Number of products that meet the criteria for a Sustainability business activity *	14.467	14.253	12.500
Nominal products and / or services that meet the criteria for a Sustainability business activity *	2.307.362.254.368	2.600.948.922.970	2.366.459.409.454
Percentage of total portfolio of sustainability business activities to total portfolio (%)	99,36%	99,06%	98,86%
a. Funding Distribution *	1.281.190.145.965	1.472.422.988.342	903.946.817.703
b. Total Portfolio	2.322.338.412.956	2.625.623.234.962	2.393.846.049.110
Involvement of local parties / Literacy & Education	50	50	50
Number of local parties	50	50	50
Nominal products and/or services provided by local parties	-	-	-

Note: * Not included in the mining and quarrying sector

2.2. Environmental Aspects

a. Energy Consumption

PT Arthaasia Finance in carrying out its business activities always pays attention to environmental aspects, such as:

- Perform efficiency in the use of electricity during recess by turning off lighting / lights.
- Minimize paper usage (paper less) by utilizing used paper.
- During the pandemic, PT. Arthaasia Finance implemented a work from home (WFH) policy, thereby reducing fuel costs for employees' vehicles and reducing the use of electricity, paper and water.

b. Generated Emission Reduction

In 2020 PT. Arthaasia Finance has implemented several policies related to the impact of the Covid-19 Pandemic, namely the enactment of working from home, and a shifting system that automatically reduces fuel emissions.

c. Reduction of Waste and Effluent Generated

PT. Arthaasia Finance in carrying out its business activities always pays attention to every consumer credit application whose business application is in the waste and recycling sector must have a special permit regarding the management of B3 waste (hazardous and toxic materials) which is regulated in government regulation Number 74 of 2001 concerning the management of hazardous and toxic materials.

d. Biodiversity Conservation

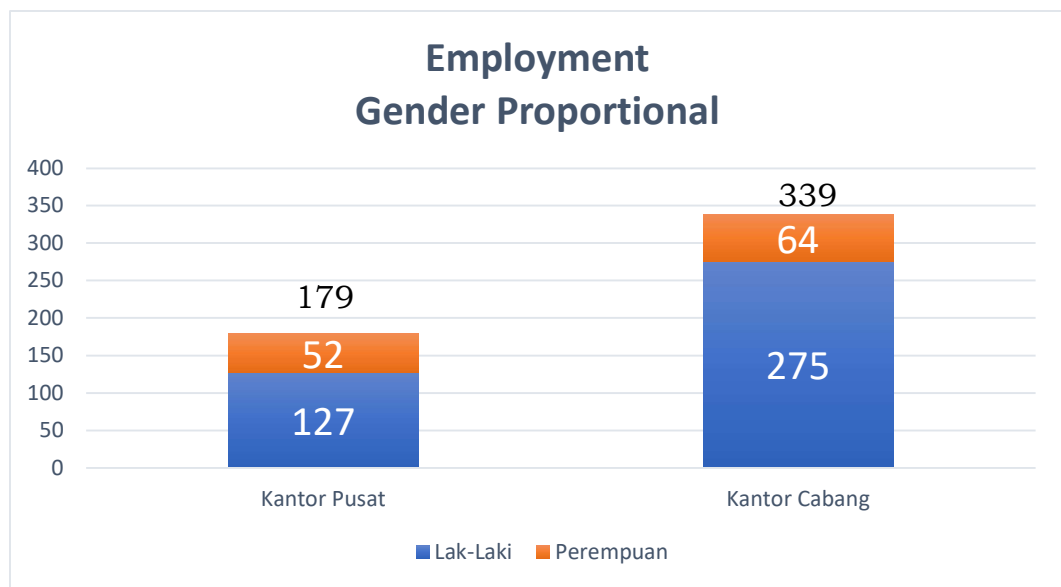
PT. Arthaasia Finance supports Biodiversity Conservation by financing business sectors that support the implementation of Biodiversity.

2.3. Social aspect

a. Internal Performance

In each branch of PT. Arthaasia Finance provides opportunities for local communities to become part of our human resources. The proportional number of employees based on gender is as follows:

Gender	Male	Female	Percentage
Head Office	127	52	78%
Branch	275	64	22%
Total	402	116	100%



b. Allocation of Social and Environmental Responsibility Funding (TJSL) for Activities with High Social Impact

Implementation of scholarship provision for employee families until 2020 (before the Pandemic).

Period	2019	2020
First Semester	32.650.652	28.825.000
Second Semester	21.145.000	-
Total cost	53.795.652	28.825.000

Every year PT. Arthaasia Finance has carried out scholarships for employees' families as a form of company appreciation for employees and families and is expected to have a good social

impact. However, in 2020 due to the Covid-19 pandemic conditions, the implementation of this activity carried out once.

c. Social and Environmental Responsibility (TJSL) Activities Supporting Core Business

During the Covid-19 Pandemic, PT. Arthaasia Finance cannot carry out this activity.

3. Brief Company Profile

3.1. Vision and Mission of Sustainable

a. Company Vision

To contribute to development of the Indonesian economy and improvement of Indonesian living standard by developing a unique and only one financing business as a social value creating company

b. Vision of Financial Sustainable

- Sustainable Growth

We will achieve Sustainability growth supported by high quality management with trust as our top priority.

- Respect Human Rights

We will raise ourselves as disciplined individuals and strive to increase our corporate strength by treating one another with respect.

- Practicing Company Ethics

We will voluntarily act in accordance with the law and ethics and contribute to the development of a wise society.

c. Company Mission

To realize the above vision, the company sets the following missions:

- We shall creatively contribute for the affluent mobility society by providing unique and attractive financing products with high value which meet the detailed needs of our customers.
- We shall proactively provide financing to companies which have excellent technology and/or outstanding services, resulting in indirect contribution to welfare of Indonesian society and the people through the activities of our customers.
- We shall commit to sales financing in the form of provision of funds for consumers for the purchase of goods with payment in installments with fast process, optimal service but with high quality; and
- We shall secure the company, customers, employees, shareholders, creditors, and other stakeholders by conducting business in accordance with Good Corporate Governance and the applicable laws and regulations.

d. Mission of Financial Sustainable

Companies that create social values PT. Arthaasia Finance is sensitive to the environment and aims to be a social value creation company that provides new values to realize social development and a richer community life.

e. Corporate Culture

In accordance with the direction of the President Director to implement 3 (three) work cultures, which is:

- Basic Principles and Ethics.
- Customer Oriented.
- To be responsible.

3.2. Head Office & Branch Address

a. Head Office

Company Name	PT. Arthaasia Finance
Address	Kencana Tower 5 th & 6 th Floor, Business Park Kebon Jeruk, Jl. Raya Meruya Ilir No. 88, Kebon Jeruk Jakarta Barat 11620
No Phone	+62-21 5890 8189 /5890 8190
Facsimile	+62-21 5890 8153
Website	www.arthaasiafinance.co.id

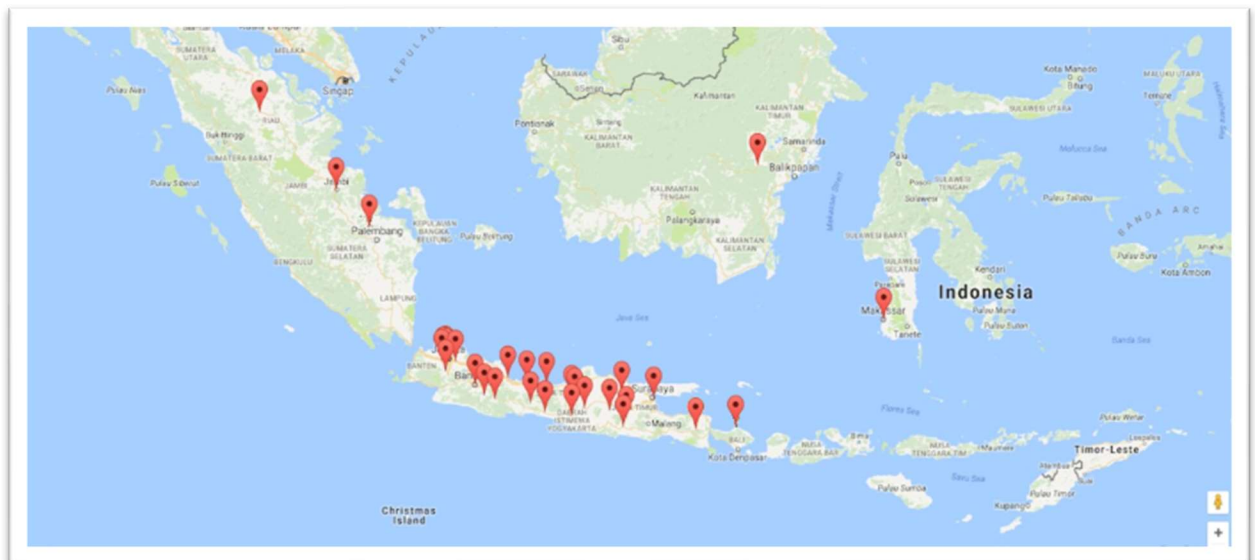
b. Branch office

Branch	Address
Tegal	Jl. Kolonel Sugiono No. 221. Ruko Graha Mulia Griya Niaga Blok B7. Tegal, Jawa Tengah (0283) 322400 / 340.805 / 340.806, fax: (0283) 322.410.
Purwokerto	Jl. Gerilya Ruko Karang Pucung No.1, Depan Perumahan Griya Karang Indah, Kel. Karang Pucung, Kec. Purwokerto Selatan, Kab. Banyumas, Jawa Tengah (0281) 621.370 / 625.407, fax: (0281) 621.551
Bandung	Jl. BKR No. 102, Lingkar Selatan, Bandung, Jawa Barat (022) 520.4782 / 520.1362, fax: (022) 520.4781/520.2051
Cirebon	Jl. Jenderal Ahmad Yani No.35, Harjamukti, Larangan Perumnas (0231) 246.808/ 246.806, fax: (0231) 246.824
Bogor	Jl. Tajur Raya No. 162 E, Bogor, Jawa Barat (0251) 8384.791 / 8347.386, fax: (0251) 832.9621
Karawang	Jl. Arteri Karawang Barat, Ruko Karawang Hijau Blok B No. 23, Kelurahan Purwadana, Kecamatan Teluk Jambe, Karawang. (0267) 408.588 / 408.573, fax: (0267) 408.646
Bekasi	Jl. Cempaka (Inspeksi) Ruko Niaga Kalimas Blok A No. 23, Kalimalang, Bekasi Timur, Jawa Barat (021) 882.3259/883.54.520, fax: (021) 883.577.08
Serpong	Jl. Gunung Rinjani II Sektor IV Blok RG No. 19, BSD, Tangerang (021) 537.6371/ 537.7052, Fax : (021) 537.6270

Branch	Address
Yogyakarta	Casa Grande Real Estate Ruko No. 102, Jl. Ringroad Utara, Desa Maguwoharjo, Kec. Depok Kab. Sleman, Yogyakarta (0274) 8711.75, fax: (0274) 8711.74
Tasikmalaya	Jl. Ir. H. Juanda RT. 003, RW. 014, Kelurahan Cipedes, Kecamatan Cipedes, Kota. Tasikmalaya, Jawa Barat (0265) 344.735,
Solo	Jl. K.H. Agus Salim No. 8, Ruko Laweyan Square, Sondakan, Laweyan, Kota Surakarta, Jawa Tengah (0271) 738.577 / 738.578, fax: (0271) 722.378
Kediri	Jl. Dr. Sahardjo No. 298, Kelurahan Pojok, Kec. Mojoroto, Kota Kediri (0354) 778.830 / (0354) 778.831, fax: (0354) 778842
Madiun	Komplek Ruko Pusat Grosir Madiun Blok B No 9 & 10, Jl. Serayu Timur, Kel. Pandean, Kec. Taman, Kota Madiun, Prov. Jawa Timur (0351) 498808/4472030, fax: (0351) 461.772
Semarang	Jl. Brigjend Sudiarto No. 462 C, Rt. 001, RW. 01, Kel. Pedurungan Tengah, Kec. Pedurungan, Kota Semarang, Jawa Tengah (024) 6700.786 / 6700.787, Fax : (024) 6733191
Bojonegoro	Jl. M.H Thamrin No. 305, Kelurahan Ledok Wetan, Kecamatan Bojonegoro, Jawa Timur (0353) 893.200 / 893.202, fax: (0353) 893.201
Pekalongan	Jl. Dr. Sutomo Ruko Dupan Square Blok B2 No. 2, Kel. Baros, Kec. Pekalongan Timur, Kota Pekalongan, Jawa Tengah (0285) 441.6360, fax: (0285) 441.6460
Salatiga	Ruko Wijaya Square No. B4, Jl. Diponegoro, Kel. Sidorejo Lor, Kec. Sidorejo, Kota Salatiga, Jawa Tengah (0298) 312.500, fax: (0298) 312.521
Jambi	Jl. Hayam Wuruk No. 12, Rt.22, Kel. Jelutung, Kec. Jelutung, Jambi (0741) 360.8866, 360.8403
Pekanbaru	Komplek Royal Platinum, Jl. Mr. Sm. Amin No. 89 F (Arenka Ii), Kel. Simpang Baru, Kec. Tampan, Kota Pekanbaru, Riau (0761) 563.041, fax: (0761) 563.043
Surabaya	Ruko Icon 21 Kav. R-6, Jl. Dr. Ir. H. Soekarno, Kel. Klampis Ngasem, Kec. Sukolilo, Surabaya, Jawa Timur (031)99005121, (031) 99005225, fax: (031)-99005368
Central Jakarta	Perkantoran Duta Merlin, Jl. Gadjah Mada No. 3 - 5, Blok C No. 14 A, Kel. Petojo Utara, Kec. Gambir, Jakarta Pusat (021) 6338203/ (021) 6338204, fax: (021) 633.8201

Branch	Address
Makassar	Jl. Sultan Alauddin Ruko Alauddin Plaza Off Ba 20 Kel. Gunung Sari Kec. Rappocini, Kota Makassar, Sulawesi Selatan (0411) 8984931
Palembang	Jl. Torpedo Ruko No 6, RT. 009, RW. 003, Kelurahan 20 Ilir D II, Kec. Kemuning, Kota Palembang (0711) 5556399
Malang	Jl. Letjen Sutoyo 37A, RT. 001, RW. 002, Kel. Lowokwaru, Kec. Lowokwaru, Malang (0341) 4371817
Balikpapan	Komplek Balikpapan Baru, Ruko Little China II, Blok Ab6 Nomor 31, Kel. Damai, Kec. Balikpapan Selatan, Kota Balikpapan, Kalimantan Timur (0542) 8707289, fax: (0542) 7204249
Denpasar	Ruko Kompleks Pertokoan Dan Perkantoran Graha Mahkota Blok A.7, Jalan Teuku Umar Nomor 208 - 210, Desa Dauh Puri Kauh, Kec. Denpasar Barat, Kota Denpasar, Bali (0361) 4781601
KSKC Garut	Jl. Patriot No. 19 RT. 05 RW. 05 Desa Sukagalih, Tarogong Kidul Garut 44151 (0266) 233411 Fax. (0262) 236087
KSKC Tulungagung	Ruko Panggungrejo Permai No. 07 Jl. Abdul Fatah, Desa Panggungrejo, Kauman, Tulungagung 65163 (0355) 332466 Fax. (0355) 336407
KSKC Kebumen	Jl. Ahmad Yani No. 54C RT. 001 RW. 001 Kebumen 54311 (0287) 382867 Fax. (0287) 3870122
KSKC Cilegon	PCI Blok B44 No. 2 Kel. Harjatani Kec. Kramat Watu Kab. Serang

Map of Headquarters and Branches PT. Arthaasia Finance



3.3. Company Business Scale In Brief

a. Asset & Liability

Based on financial reports

Posts ¹⁾	Score
ASSET	
1. Cash and Cash Equivalents	37.937.225.493
2. Asset Derivative Receivables	429.831.680
3. Accounts Receivable - Net	2.398.565.144.818
4. Operating Lease - Net	100.264.478.120
5. Fixed Assets and Inventory - Net	37.805.301.789
6. Deferred Tax Assets	3.611.430.136
7. Miscellaneous Assets	105.670.284.369
Total Assets	2.684.283.696.405
LIABILITIES	
1. Tax Payable	1.163.273.800
2. Loans Received	2.355.830.269.514
3. Subordinated Loans	74.750.000.000
4. Items of Liabilities	122.801.013.862
Total Liabilities	2.554.544.557.176
EQUITY	
1. Capital	150.000.000.000
2. Backup	0
3. Retained Profit (Loss) Balance	-30.923.250.154
4. Net Profit (Loss) After Tax	-31.130.555.884
5. Other Equity Components	41.792.945.267
Total Equity	129.739.139.229
Total Liabilities and Equity	2.684.283.696.405

b. Number of Employees

- Based on the type of education

Level of education	Permanent employees			Contract employees			Outsourcing Employees			Total
	M	F	Total	M	F	Total	M	F	Total	
Head Office	114	51	165	16	1	17	9	1	10	192
Diploma	12	7	19	0	0	0	0	0	0	19
Postgraduate	1	0	1	2	0	2	0	0	0	3
Bachelor	70	42	112	14	1	15	1	0	1	128
SLTA	31	2	33	0	0	0	8	1	9	42
Others	0	0	0	0	0	0	0	0	0	0
Branch Office	240	53	293	35	11	46	40	0	40	379
Diploma	40	6	46	8	1	9	0	0	0	55
Postgraduate	0	0	0	0	0	0	0	0	0	0
Bachelor	106	38	144	24	10	34	0	0	0	178
SLTA	91	9	100	3	0	3	39	0	39	142
Others	3	0	3	0	0	0	1	0	1	4
TOTAL										571

Information:

M : Male

F : Female

- Based on Position

Position	Permanent employee			Contract employees			Outsourcing employees			Total
	M	F	Total	M	F	Total	M	F	Total	
Board of Commissioners	0	0	0	3	0	3	0	0	0	3
President Director	0	0	0	1	0	1	0	0	0	1
Director	0	0	0	3	0	3	0	0	0	3
General Manager	13	0	13	0	0	0	0	0	0	13
Senior Manager	8	1	9	1	0	1	0	0	0	10
Area Manager	4	0	4	0	0	0	0	0	0	4
Manager	28	4	32	0	0	0	0	0	0	32
Branch Manager	25	1	26	0	0	0	0	0	0	26
Supervisor	27	22	49	2	0	2	0	0	0	51
Head	59	27	86	0	0	0	0	0	0	86
Staff	191	49	240	40	12	52	49	1	50	342
TOTAL										571

Information:

M : Male

F : Female

- By Age

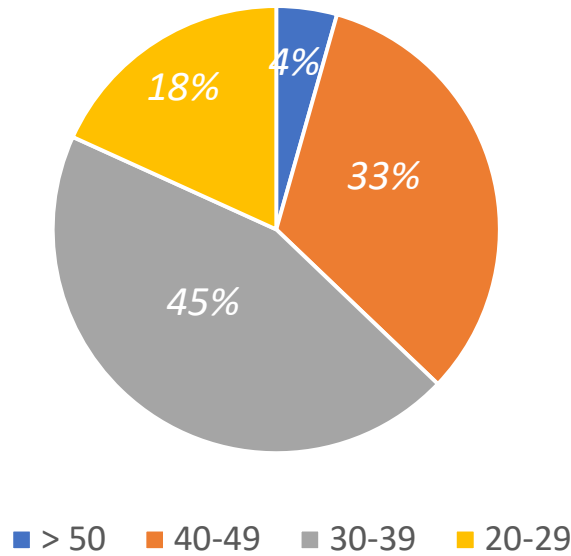
Age	Permanent employee			Contract employees			Outsourcing employees			Total
	M	F	Total	M	F	Total	M	F	Total	
○ >50 year	17	0	17	4	0	4	4	0	4	25
○ 40-49 year	156	14	170	6	0	6	11	0	11	187
○ 30-39 year	155	48	203	27	3	30	22	0	22	255
○ 20-29 year	26	42	68	14	9	23	12	1	13	104
○ <20 year	0	0	0	0	0	0	0	0	0	0
TOTAL										571

Information:

M : Male

F : Female

Number of Employees by Age



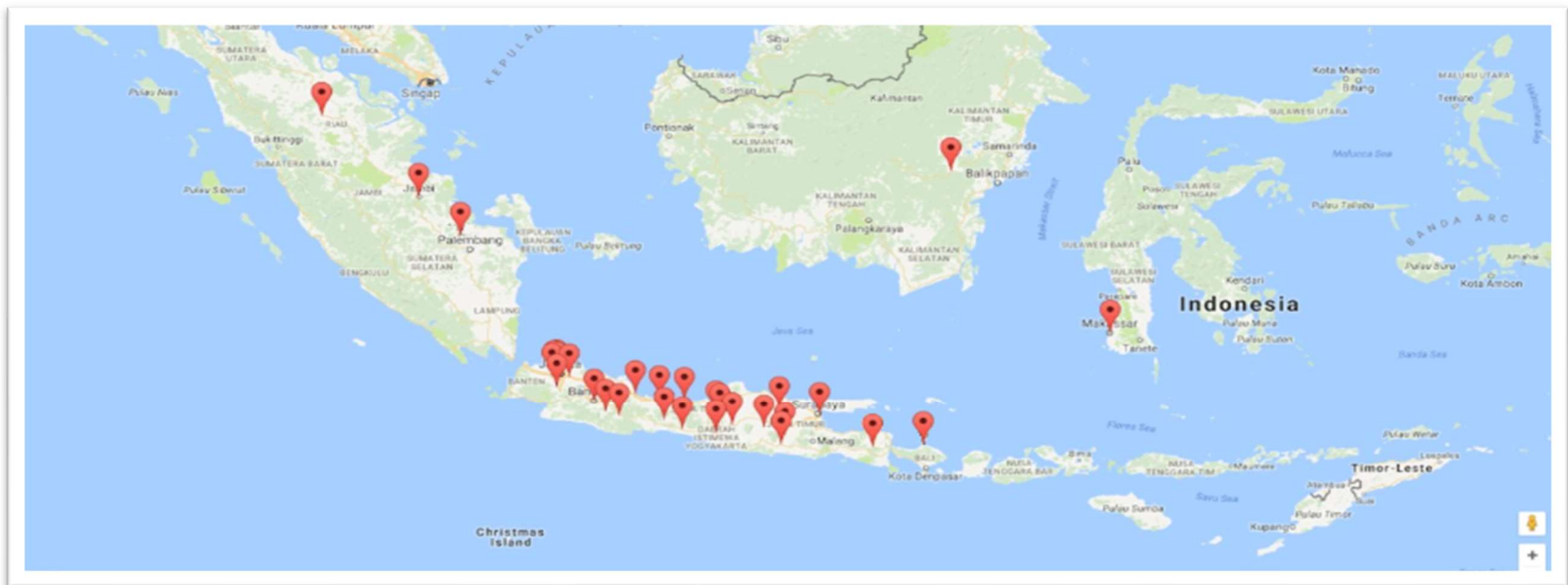
- Percentage of Share Ownership

In 2020 PT. Arthaasia Finance has no change in share ownership. The composition of share ownership is as follows:

Information	Paid-up capital	Percentage (%)
1. Hitachi Capital Asia Pacific Pte. Ltd.	127.500.000.000	85.00%
2. PT. Ambar Kejora	15.000.000.000	10.00%
3. PT. Buana Sejahtera	2.500.000.000	1.67%
4. PT. Multifortuna Asindo	5.000.000.000	3.33%
Total Paid Up Capital	150.000.000.000	100.00%

- Operational Area

Area 1	Area 2	Area 3	Area 4
o Central Jakarta	o Bandung	o Pekalongan	o Balikpapan
o Jambi	o Bekasi	o Purwokerto	o Bojonegoro
o Palembang	o Bogor	o Salatiga	o Denpasar
o Pekanbaru	o Cirebon	o Semarang	o Kediri
o Serpong	o Karawang	o Solo	o Madiun
o KSKC Cilegon	o Tasikmalaya	o Tegal	o Makassar
	o KSKC Garut	o Yogyakarta	o Surabaya
		o KCKC Kebumen	o Malang
			o KSKC Tulungagung



3.4. Brief Description of Products, Services & Business Activities

a. Products and Services

Individual Customers	Corporate Customers
<ul style="list-style-type: none">▪ Passenger Car Financing▪ Commercial Car Financing▪ Agricultural Equipment Financing	<ul style="list-style-type: none">▪ Finance Lease<ul style="list-style-type: none">- Fleet Financing- Financing COP (Car Ownership Program)▪ Operating Lease

b. Business activities

Based on the deed of amendment to the company's articles of association before Notary Jose Dima Satria, S.H., M.Kn., No. 116 dated 26 February 2020 which has obtained the approval of the Ministry of Law and Human Rights No. AHU-0018131.AH.01.02. In 2020 and POJK No.35 / POJK.05 / 2018, PT Arthaasia Finance carries out business activities as follows:

- Investment Financing
- Multipurpose Financing
- Working Capital Financing and
- Operating Lease Activities

3.5. Membership in the Association

PT. Arthaasia Finance is registered as a member of the Indonesian Financial Services Association (APPI) with member number 1168 / JKT / 03 for the period 1 January 2020 - 31 December 2020.

The benefits of membership in APPI are as the main forum for exchanging ideas and information, as well as collecting, conducting research and processing information materials related to issues concerning Financing Institutions in the broadest sense.

3.6. Significant Changes

In 2020 PT. Arthaasia Finance has obtained permission to open an Office Other Than Branch Office (KSKC) by the Financial Services Authority with letter number S-740 / NB.111 / 2020 for the opening of KSKC Cilegon and PT. Arthaasia Finance will not open or close offices in 2020.

4. Explanation from the Board of Directors

The many social problems raised by the corona virus pandemic have prompted us to rethink the way PT. Arthaasia Finance to help meet these challenges. We have given new thoughts on how we can benefit society and what we must do to fulfill our mission. We need to do more than simply adapt to the "new normal" life with Covid-19, but accelerate the shift to employment policies that enable our valuable human resources to reach their full potential, such as through telecommuting and skills-based recruiting, and by embracing diversity and inclusion. Our efforts to achieve a transformation towards a more sustainable lifestyle will be focused on our Social Innovation Business, which aims to increase social, environmental and economic value.

PT. Arthaasia Finance In the implementation of sustainability finance implementation already has a vision, mission and strategy as well as targets that are appropriate and clear to the company's performance. the implementation of sustainability finance implementation will continue to be carried out by PT. Arthaasia Finance with sustainable financial targets 17 social problems that need to be resolved by 2030, these goals are collectively referred to as the sustainable development goals or SDGs while maintaining the company's main goal of improving performance to get targeted profits or profits.

We view the SDGs as an important initiative to create a sustainable society and improve the quality of life of people through solving global social and environmental problems. We significantly contribute to achieving the SDGs through the Social Innovation Business, which also serves as a source of sustainable growth. We will strive to create social, environmental and economic value as part of the company's management strategy. We will also seek to reduce the negative social and environmental impacts resulting from our business and seek a deeper understanding of the business risks arising from social and environmental changes to ensure better resilience to them.

PT. Arthaasia Finance will contribute to society through product and service development to find solutions to environmental problems that are of serious concern to the community, through business operations and promotion of environmental management from a long-term perspective, innovations that reduce environmental problems and present our main business opportunities.

Jakarta, April 2021

PT. Arthaasia Finance
Directors,

(Represented by POA)

Ryuchi Inoue

President Director



Takehiko Saiki

Director

(As POA of President Director)



Chandra D Silitonga

Director



Hendra Wahyudi

Director

5. Sustainable Governance

5.1. Description of the Duties of the Board of Directors, Board of Commissioners and Employees in Charge of Sustainability.

In accordance with Law No. 40 of 2007 concerning the Company Limited, the organization of PT. Arthaasia Finance consists of the General Meeting of Shareholders (GMS), the Board of Commissioners and the Board of Directors. The Board of Commissioners and the Board of Directors have clear authorities and responsibilities in accordance with their respective functions as mandated in the Articles of Association and laws and regulations. The Board of Commissioners and Directors have the responsibility to manage the sustainability of the business of PT. Arthaasia Finance in the long term. The Boards of Commissioners and Directors must have the same perception of the vision, mission and sustainability values of PT. Arthaasia Finance.

5.2. Competency Development for Directors, Board of Commissioners & Employees

All Directors and Commissioners have passed the fit and Proper (Fit and Proper Test) from the OJK, and also all Directors and Commissioners attended training and passed certification of expertise in financing from SPPI. Every year all the Directors and the Board of Commissioners regularly attend seminars held by APPI and OJK as a requirement for sustainability and have been reported to OJK.

All employees from one level below the Board of Directors to the staff level, especially the billing department, already have a certification specified by the OJK, namely the staff level to the billing department supervisor already has a financing collection profession certification and for all manager levels already have basic managerial certification

5.3. Company Procedure in Identifying Sustainability Actions

During this pandemic, PT. Arthaasia Finance, in its business activities, always applies the principles of sustainable finance through:

a. Principles of financial sustainability through good corporate governance.

- Governance (GCG)

Governance Implementation Commitment, in accordance with POJK Number 30 / POJK05 / 2014, namely that PT. Arthaasia Finance is committed to always referring to the applicable rules in every process of activities of the Board of Directors and the Board of Commissioners in carrying out sustainable business practices and submitting reports according to the schedule set to the OJK. The principles of corporate governance are transparency, accountability, responsibility, independence and fairness.

- Governance Strategy

Management of PT. Arthaasia Finance in implementing sustainable governance implements zero misconduct and emphasizes punishment and rewards for violators so that the achievement of the company's mission and vision can still be sustainable for implementing RAKB with a process that refers to the rules.

- Implementation of Governance

The ultimate goal of an effective and sustainable Governance Strategy is to support the achievement of prudent business transformation goals through smart and measurable risk management. System effectiveness and GCG of PT. Arthaasia Finance is expected to be able to create value for stakeholders in order to realize sustainable company growth in accordance with the principles of GCG. In every operational activity, Management ensures that the Compliance-KYC-Code of Ethics and anti-fraud components have been implemented continuously and oversight of internal audit controls. In implementing this RAKB, PT. Arthaasia Finance has implemented:

- CSR program, in the form of scholarships for high achieving employees.

- Development of digital software products for supporting WFH employees.
- Development of GPS products to support activities and business targets for customers with anti-pollution / go green businesses.
- Developing a program for providing credit to customers for those whose types of business do not have an environmental impact.
- Governance Structure

Based on the Organizational Structure of PT. Arthaasia Finance consists of: Compliance Director who is directly controlled by the President Director assisted by the compliance work unit. Also includes the activities of the General Meeting of Shareholders, the Board of Directors and the Board of Commissioners. The GMS, the Board of Directors and the Board of Commissioners respect each other, the duties, responsibilities and authorities of each in accordance with the laws and regulations and the Articles of Association. Each Division / Work Unit of PT. Arthaasia Finance was built to ensure that the implementation of corporate governance principles can run effectively with clear roles and responsibilities so as to create a check and balance control mechanism. (image SO) Based on the Organizational Structure, PT. Arthaasia Finance can still determine the results of GCG implementation at composite number 1, which is very good.

b. Controlled Risk Management

Based on POJK No.44/POJK.05/2020 regarding the Implementation of Risk Management, the Board of Commissioners and Directors of PT. Arthaasia Finance has played an active role in the risk management process in order to Mitigate the Risk of PT. Arthaasia Finance which includes; active supervision of the Board of Directors, Board of Commissioners, and Sharia Supervisory Board; adequacy of Risk Management policies and procedures and determination of Risk limits; adequacy of processes for identification, measurement, control and monitoring of Risks; as well as the Risk Management information system; and a comprehensive internal control system. An assessment has been

carried out for the Risk Profile for a period of 12 (twelve) months in the Health Level reporting for reports to the OJK which includes 8 (eight) risk profiles, namely: Strategic Risk, Operational Risk, Credit Risk, Market Risk, Liquidity Risk, Legal Risk, Compliance Risk and Reputation Risk. Based on the results of the assessment of PT. Arthaasia Finance independently on the level of health reports, 8 (eight) Risk Profiles of PT. Arthaasia Finance is at a value of 1.65-Low for inherent risk (Inherent) and a value of 1.00-Strong, for the Quality of Risk Management Implementation (KPMR) in 2020.

5.4. Stakeholders

In carrying out its business activities, PT. Arthaasia Finance always pays attention to the interests of all stakeholders, we have mapped the interests of stakeholders in the company as follows:

Stakeholders	Relevance for Stakeholders	Interest for the Company	Communication media
Shareholders <ul style="list-style-type: none"> ○ Hitachi Capital Asia Pacific Pte. Ltd. ○ PT. Ambar Kejora ○ PT. Buana Sejahtera ○ PT. Multifortuna Asindo 	<ul style="list-style-type: none"> ○ Business continuity ○ Implementation of corporate governance ○ Performance growth ○ Corporate dividends 	Support and feedback for the company	<ul style="list-style-type: none"> ○ RUPS ○ Annual Report
Employees	<ul style="list-style-type: none"> ○ Having the same rights and obligations to promote the company ○ Cooperation between parts or more solid Division ○ Career development opportunities are open to all employees 	The establishment of work relationships and partnerships has an important role as actors and objectives of the Company's progress.	<ul style="list-style-type: none"> ○ Website ○ Email ○ LKS Bipartite ○ Gathering
Customer	Customer satisfaction from company services and courtesy	Company business continuity	<ul style="list-style-type: none"> ○ Website PT. AAF ○ Customer Care Unit
Regulator	Financial Services Authority (OJK)	Compliance with established regulations.	<ul style="list-style-type: none"> ○ Implementation of good corporate governance ○ Supervision for the company ○ Annual Report ○ Monthly Report ○ Website PT. AAF
Association	Indonesian Financial Services Association	Openness, transparency and information on finance companies	<ul style="list-style-type: none"> ○ Means of communication media for finance companies ○ Monthly Newsletter ○ APPI Seminar

5.5. Problems faced in the development and influence on sustainable implementation.

The plan for the distribution of financing that supports sustainable sectors in 2020 has decreased due to the impact of Covid 19, such as in the agriculture, forestry, and fisheries sectors, which only reached 63% of what was planned. The water supply sector, wastewater management, waste management and recycling, and remediation activities only reached 70% of what was planned. In the education sector, it only reached 13% of the target. However, the human health and social activities sector reached more than 100% during a pandemic like this.

6. Sustainable Performance

6.1. Activities to Build a Culture of Sustainable

In line with Hitachi, Ltd.'s policy (Japan) which has been submitted by Mr. Hitoshi Ito as Vice President and Executive Officer, covering the Co2 reduction target of 80%. PT Arthaasia Finance will support a policy that has been declared a culture, namely the so-called Hitachi Environmental Innovation 2050.

6.2. Economic Performance 3 Years

a. Activities to Build a Culture of Sustainability within the Company

In building a culture of sustainability at PT. Arthaasia Finance has activities every year, namely:

1. President Award

The implementation is carried out twice a year, this is done as an appreciation for the company to employees, this activity is carried out to motivate other employees so that the work atmosphere is more competitive and productive.

2. Trainings

Aims to provide training and development of human resources (HR) related to work so that the quality / performance of employees increases so that it provides benefits for the progress of the company.

3. Employee Gathering

Employee gatherings are held to eliminate boredom with busyness and daily work routines so that employee performance does not decrease due to the workload given.

b. Production Performance

Description	Year		
	2018	2019	2020
Total Asset	2.520.097.050.817	2.859.780.820.976	2.684.283.696.405
Earning Assets	2.520.097.050.817	2.859.780.820.976	2.684.283.696.405
Credit / Financing	2.305.526.831.998	2.616.372.056.088	2.398.565.144.818
Third-party funds	1.903.005.620.414	2.466.564.821.927	2.430.580.269.514
Operating Income	403.025.905.875	486.865.443.359	432.718.613.438
Operating Expenses	380.443.938.606	476.762.976.243	463.951.240.579

Description	Year		
	2018	2019	2020
Net profit	-18.606.480.883	5.088.578.473	-31.130.555.884
Performance Ratio			
Minimum Capital Adequacy Ratio	13,61%	12,54%	14,32%
Non-performing earning assets and non-earning assets have problems with total earning assets and non-earning assets	0,51%	0,80%	2,16%
Productive assets have problems with total earning assets	0,51%	0,80%	2,16%
Allowance for Impairment Losses of Financial assets against productive assets	78.366.973	236.528.610	1.622.609.279
Gross NPL	0,51%	0,80%	2,16%
NPL Net	0,51%	0,80%	2,12%
Return on asset (ROA)	1,46%	1,61%	-1,10%
Return on Equity (ROE)	2,48%	15,81%	-17,79%
Net Interest Margin (NIM)	7,82%	7,47%	5,62%
Rasio Efisiensi (BOPO)	90,38%	91,47%	107,22%
Loan to Deposit Ratio (LDR)	1,46%	1,61%	-1,10%

c. Portfolio Performance

Description	Year		
	2018	2019	2020
Number of products that meet the criteria for sustainable business activities			
a. Financing Distribution Plan	1.333.200.372.967	1.360.600.000.000	1.473.273.221.463
b. Distribution of Financing	1.281.190.145.965	1.472.422.988.342	903.946.817.703
c. Portfolio Performance	2.322.338.412.956	2.625.623.234.962	2.393.846.049.110
Percentage of company financing / financing disbursement plans	96,10%	108,22%	61,36%
Total productive assets for sustainable business activities			
a. Total credit / financing for sustainable business activities	2.307.362.254.368	2.600.948.922.970	2.366.459.409.454
b. Total non-credit / non-financing of sustainable business activities	14.976.158.588	24.674.311.992	27.386.639.656
Percentage of total credit / financing for sustainable business activities to total corporate credit / financing.	99,36%	99,06%	98,86%

6.3. Social Performance

a. Company Commitment

PT. Arthaasia Finance is committed to providing the best service to customers and business partners in a fast, precise and transparent manner. We work with business partners in the form of marketing programs such as:

- Interest Subsidy Program
- Insurance Subsidy Program
- Dealer Reward Program
- Auto Approve program
- Dealer Gathering Program

b. Employment

PT. Arthaasia Finance already has 26 branch offices and 4 non-branch offices (KSKC) and in carrying out its business activities there are no human rights violations (such as forced labor, child labor, discrimination against those who are socially vulnerable, or acts that violate human dignity.). All employees / I at PT. Arthaasia Finance is a valuable partner who plays an important role in supporting the company, we strive to build a work environment where a diverse group of employees / I can actively take advantage of differences in their attributes, work experience and values and fully display their abilities. This work environment will lead to the sustainable growth of PT. Arthaasia Finance.

By making proactive efforts to ensure workplace safety, promote the physical and mental health of our employees, adopt a flexible work style, and invest in education to develop our employees' abilities, we will create an environment where our employees can get the most out of them. In addition, we consider it important to make efforts to create a workplace that respects diverse values, and where all employees can feel purpose, passion and fulfillment as they strive to display their abilities.

- Table Training and development of employees, especially to support the implementation of sustainable finance.

No	Training materials	Training Methods	Training Time	Location	Resource Person / Training Institute	Total Participants
1	SPPI Managerial	Online Training	Jan - Des 2020	Jakarta	APPI/SPPI	65 Person
2	SPPI Billing	Online Training	Jan - Des 2020	Jakarta	SPPI	45 Person
3	SPPI Financing Expert	Online Training	Des 2020	Jakarta	APPI/SPPI	1 Person
4	SPPI Commissioner	Online Training	Apr - Jul 2020	Jakarta	APPI/SPPI	3 Person
5	Training Working Etiquette	Out House	January 2020	Jakarta	HAS INDONESIA	2 Person
6	Training Problem Solver	Out House	January 2020	Jakarta	HAS INDONESIA	2 Person
7	Ready to Lead (R2L)	Out House	January 2020	Jakarta	HAS INDONESIA	2 Person
8	New Employee Orientation	Out House	March 2020	Hotel Fave Puri	Internal Trainer / HR	38 Person
9	Credit Review	Out House	March 2020	Jakarta	M-Knows Consulting	10 Person
10	One Hitachi Training Program	Out House	March 2020	Jakarta	HAS INDONESIA	3 Person

No	Training materials	Training Methods	Training Time	Location	Resource Person / Training Institute	Total Participants
11	Risk Management Professional Seminar & Certification	Out House	March 2020	Jakarta	BSMR / OJK	2 Person
12	Financing Industry Webinar in the Middle of the Covid Pandemic 19	Online Training	May 2020	Jakarta	APPI	2 Person
13	Seminar Fiducia Dept. Legal	Online Training	June 2020	Jakarta	Hukum Online	1 Person
14	Seminar Brevet Dept. Accounting	Online Training	June 2020	Jakarta	Ikatan Akuntan Indonesia	2 Person
15	APPI Webinar "Finance Industry Restoration Webinar"	Online Training	July 2020	Jakarta	APPI	4 Person
16	Training Professional Secretary	Online Training	July 2020	Jakarta	Synergis Training Center	2 Person
17	English language courses	Online Training	July 2020	Jakarta	Inggris Prima Indonesia	1 Person
20	Training on the Use of Effective E-invoicing Applications and Problem Identification	Online Seminar	August 2020	Jakarta	PT. Integral Data Prima	1 Person

No	Training materials	Training Methods	Training Time	Location	Resource Person / Training Institute	Total Participants
21	APPI Commissioner webinar	Online Seminar	September 2020	Jakarta	APPI/SPPI	5 Person
22	Multifinance Strategy Webinar: Surviving Indonesia's Economic Recession	Online Seminar	November 2020	Jakarta	APPI	3 Person
23	Training Procurement	Online Seminar	November 2020	Jakarta	M-Knows Consulting	1 Person
24	Training Risk Management	Online Seminar	November 2020	Jakarta	BSMR / OJK	1 Person
25	Anticipation Training of Signature Document Falsification & Mafia Fraud	Online Seminar	December 2020	Jakarta	APPI/SPPI	8 Person

c. Public

- Information on Activities that Generate Positive and Negative Impacts on the Community

PT. Arthaasia Finance has implemented literacy and education in collaboration with village officials in Bandung Regency, West Java with the aim of increasing knowledge (Knowledge) and confidence for the community to have the ability to better manage personal finances

Information table of activities that have an impact on the community.

Name of Group / Business Partner	Location	Type of activity	Number of participants
Farmer Group	Bandung	Financial Literacy and Education	50 Person

- Public Complaints

Category	Number of Complaints	Reason for Complaint
Financial Information Service System (SLIK)	42	Interference / damage to information technology devices and systems
Billing Activity	5	Consumer negligence
Payment method	2	Payment Process
Elimination of Fines and Fees	4	Consumer negligence
Change / termination of contract / agreement / contract	2	Restructuring rejected
Others; Request for Certificate of Settlement	1	Financing has been paid off

In 2020 there were no complaints from the public in general either at the head office or at branch offices, but in accordance with government and OJK regulations we have received consumer complaints such as the data we convey above. We have also submitted this complaint report either through the SiPEDULI system or direct complaints to the OJK.

d. Social and Environmental Responsibility Activities (TJSL)

PT. Arthaasia Finance is committed to social and community development by implementing several programs in the fields of education, health and other programs.

- Field of education

In 2020 PT. Arthaasia Finance carries out a CSR program in the field of education in the form of Financial Literacy and Education, which is an activity to increase knowledge and confidence for the community to have the ability to better manage personal finances.

On December 11, 2020, PT. Arthaasia Finance collaborates with the Cikembang Village apparatus, Kertasari District, Bandung Regency to organize literacy and education activities with the theme "Financing Companies and Their Role in the Community"

- Health

In the health sector in 2020 PT. Arthaasia Finance does not provide free medical treatment for the underprivileged, which was usually done in previous years due to the impact of the Covid-19 Pandemic.

- Social Affairs

CSR activity program in the social sector in 2020 PT. Arthaasia Finance conducts Qurban for mustahik as the company's concern for others.

- Table of Social and Environmental Responsibilities (TJSL) related to Community Empowerment

No	Types of TJSL activities	The goals of the SDGs	Explanation
1	Child Scholarship Program for President Award recipient employees	Quality Education	Awarded to employees' children who excel
2	Giving sacrificial animals	Zero Hunger	Given to the community around the office, both head office and branch offices
3	Financial Literacy	Partnerships to achieve goals	Done to educate the public about the importance of managing finances

6.4. Environmental Performance

a. Environmental Costs Issued

PT. Arthaasia Finance allocates environmental costs from the Corporate Social Responsibility (CSR) Program budget and company operational funds.

b. Use of Environmentally Friendly Materials

- Amount and Intensity of Energy Used

The company does not record the use of both paper, water and electricity in volume, recording is done in the form of expenses incurred every month at the branch and head office. Here we convey the costs incurred in using electricity at the head office.

Table of Central Office Electricity Costs

Description	2018	2019	2020
Electricity cost	Rp 305.093.043	Rp 446.899.732	Rp 437.764.616

- Efforts and Achievements in Energy Efficiency

PT. Arthaasia Finance has always supported financial sustainability during the Covid-19 Pandemic by carrying out efficiency in fuel oil (BBM), paper, water, electricity by enforcing work from home (WFH), reducing working hours, implementing shifting and changing policies. face-to-face meetings become online (online). By following this policy, we have adapted to the new normal during the Covid-19 pandemic.

6.5. Environmental Performance for Financing Companies whose Business Processes Are Directly Related to the Environment.

a. Environmental Performance

Commitment in the environmental sector is manifested through the use of energy and materials in operational activities, the company does not record the use either paper, water and electricity in volume, recording is done in the form of expenses incurred every month at branch offices and head offices.

b. Activities or Operational Areas that Generate Positive and Negative Impacts on the Environment.

Throughout 2020 we are still financing agricultural equipment machines in the Central Java region to increase the productivity of rice fields and food for the stability of life for the people in general.

c. Biodiversity

PT. Arthaasia Finance supports Biodiversity Conservation by financing business sectors that support the implementation of biodiversity, in the Agriculture, Forestry and Fisheries sectors Rp. 42,998,490,650 and in the sector of Water Supply, Waste Water Management, Waste Management and Recycling, and Remediation Activities Rp. 8,052,831,486.

d. Emission

As we explained earlier, in terms of emissions, we have made efficient use of electricity during recess by turning off lighting / lights, reducing the use of water and paper.

e. Waste and Effluent

PT. Arthaasia Finance will continue to encourage the implementation of non-cash payments / transactions considering the positive impact of non-cash transactions is to reduce paper usage.

6.6. Responsibility for the development of sustainable financial products or services

We are committed to developing products and services that support sustainability programs:

a. Innovation and Development of Sustainable Financial Products and Services.

The innovation and development of our products and services are as follows:

1. Interest Subsidy Program

Provide interest relief to prospective customers in collaboration with Brand Holder Sole Agents (ATPM), namely:

- Krama Yudha Tiga Berlian Motors (KTB)
- Isuzu Astra Motors Indonesia (IAMI)
- Hino Motor Sales Indonesia (HMSI)

2. Insurance Subsidy Program

Provide insurance premium payment relief to prospective customers in collaboration with Brand Holder Sole Agents (ATPM), namely:

- Isuzu Astra Motors Indonesia (IAMI)
- Hino Motor Sales Indonesia (HMSI)

3. Dealer Reward Program

PT. Arthaasia Finance provides rewards to business partners in the form of tours and electronic goods with the provision of achieving predetermined targets.

4. Auto Approve program

Providing fast service for the process of submitting financing to customers, thereby increasing trust and satisfaction with customers.

5. Dealer Gathering Program

Providing support or participation in events organized by dealers which intend to promote programs or products and services of PT. Arthaasia Finance.

b. Amount and Percentage of Evaluated Products and Services

We work with insurance companies such as Sampo insurance and MSIG to mitigate the risk of loss and accidental assets owned are 100% covered by insurance.

The following is a list of consumers who submit insurance claims in 2020:

Insurance company	Lost	Accident
Sampo	15	15
MSIG	6	1

c. Positive and Negative Impact of Products and Services

For the Company	For Customers
<p>Developing a cashless payment system, namely through:</p> <ul style="list-style-type: none"> - Via Virtual Account (BCA) - Through PT. Indonesian post - Via Indomaret <p>PT. Arthaasia Finance does not accept cash installments with a positive impact on the company, namely the absence of installment form slips.</p>	<p>By expanding cashless payments, we reduce crime (eg theft, looting, robbery), which is a social problem.</p>

d. Number of Products recalled

In 2020 we will not have any products recalled because these products are still significant and tested according to consumer needs.

e. Customer satisfaction survey

Throughout 2020 we have received 56 complaints from a total of 13,075 accounts. From this data we conclude that it is 0.4% of total customers, so we do not think that a customer satisfaction survey is necessary. However, we are planning a satisfaction survey starting in 2021.

7. Written Verification from an Independent Party

Based on POJK Number 51 / POJK.03 / 2017, January 1 to December 31, 2020 is the first reporting period so there is no such report.

8. Feedback Sheet for Readers

Thank you for reading the sustainability report of PT. Arthaasia Finance in 2020. To realize better reporting quality in the coming year, we expect proposal, criticisms and suggestions from readers and users of this report. PT. Arthaasia Finance will be committed to continuously improving sustainability performance and providing the best for stakeholders.

Profile

Name :
Address :
No. Telp/ Handphone :

We please you to choose the most appropriate answer to the questions below:

1. Is this report useful for you?
 - Agree
 - Disagree
 - Don't know
2. Is this report understandable / easy?
 - Agree
 - Disagree
 - Don't Know
3. Does this report reflect the performance of PT. Arthaasia Finance in its contribution to sustainable development?
 - Agree
 - Disagree
 - Don't Know

We appreciate the feedback and suggestions you give us. Please send this sheet to:

PT. Arthaasia Finance

Business Park Kebon Jeruk 5th & 6th floor
Jl. Raya Meruya Ilir No. 88 Kebon Jeruk
Jakarta Barat 11620
Phone: 021-589 08190

9. Company Response to Previous Year Report Feedback

Based on POJK Number 51 / POJK.03 / 2017, January 1 to December 31, 2020 is the first reporting period so there is no such report.