

# 06

## CORPORATE SOCIAL RESPONSIBILITY AND ENVIRONMENT (CSR)

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## BRIEF SUMMARY OF THE COMPANY'S CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The Company runs its business by considering the rights of employees and the positive impact on other stakeholders, as well as contributing to environmental preservation. Telkom implements good corporate governance by implementing social and environmental responsibility (TJSL) or corporate social responsibility (CSR). Information on corporate social and environmental responsibility refers to international standards, such as the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), ISO 26000 Guidance for Social Responsibility, and Sustainable Development Goals (SDGs).

Based on SEOJK No.16/POJK.04/2021 concerning the Form and Content of the Annual Report of Issuers or Public Companies, Telkom submits information on the implementation of TJSL in a Sustainability Report which is separate from this Annual Report. The basis for compiling the Telkom Sustainability Report is OJK Regulation No.51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Service Institutions, Issuers, and Public Companies.

Access to the 2021 Sustainability Report:



In addition, as a State-Owned Enterprise (SOE), Telkom implements TJSL in accordance with the Regulation of the Minister of State-Owned Enterprises No. PER-05/MBU/04/2021 ("Minister of SOE Regulation No. PER-05/2021") dated April 20, 2021, regarding the Social and Environmental Responsibility Program of State-Owned Enterprises. Minister of SOE Regulation No. PER-05/2021 Article 23 stipulates that the financial reports and implementation of SOE TJSL are included in the annual report on the performance of SOEs (Annual Report). The SOE TJSL implementation report is presented in the sub-chapter of the SOE Social and Environmental Responsibility Implementation Report (SOE TJSL), while the SOE TJSL Financial Report is presented as an attachment to this Annual Report.





# SOCIAL AND ENVIRONMENTAL RESPONSIBILITY IMPLEMENTATION REPORT (SOE CSR)

## CSR SUSTAINABILITY STRATEGY FRAMEWORK

We are committed to implementing sustainable practices which are supported by the roles and responsibilities of all TelkomGroup people in their operations. The Board of Directors ensures oversight of our strategy and operations, and encourages compliance across all business lines. Sustainability principles and environmental, social, & governance (ESG) aspects are aligned with the business strategy in order to maximize the achievement of sustainability performance.

Telkom is still in the stage of formulating a sustainability strategy framework. However, Telkom has implemented a Social and Environmental Responsibility (TJSL) Policy and Strategy which is realized through the "SHARE" Main Program which is in line with the main values of GCG & ISO 26000 to support the achievement of the Sustainable Development Goals (SDG) targets, with details as follows:

- 1. Sustaining digital community education to support crowdsourcing proliferation**, namely encouraging the sustainability of digital education clusters through pioneering the digitization of public education, Indonesian talent, and digital infrastructure for educational inclusion.
- 2. Harnessing SME digital transformation to drive economic growth**, namely optimizing the digital cluster of MSEs through the establishment of MSE Millennials, increasing the capacity of Foster Partners based on the Go Modern - Go Digital - Go Online - Go Global approach, developing digital MSE platforms, and improving channel and collection quality.
- 3. Accelerating synergy initiative to foster smart digital ecosystem**, namely realizing the digitization of aspects of community life towards digital community clusters through institutional synergies, deploying digital village ecosystem infrastructure, and empowering territorial communities.
- 4. Revitalizing excellent TJSL digitalization and data analytics**, namely strengthening efforts to digitize and digitize the management of Social and Environmental Responsibility through the improvement and maintenance of information systems, utilization of data analytics and decision support systems in strategic decision making.
- 5. Enabling strong TJSL branding, governance, & reporting management**, namely aligning the implementation of governance and compliance as well as improving the positive image of the company's CSR through quality and process management, strengthening communication and branding, performance reporting and audit monitoring, as well as support for services and operationalization of CSR.

## COMMITMENT AND SOCIAL AND ENVIRONMENTAL RESPONSIBILITY POLICY

The legal basis for implementing SOE Social and Environmental Responsibility (SOE CSR) activities at TelkomGroup refers to the Regulation of the Minister of State-Owned Enterprises No. PER-05/MBU/04/2021 dated April 20, 2021 regarding the Social and Environmental Responsibility Program of State-Owned Enterprises. In addition, the guidelines for implementing the TJSL program refer to the Aspiration of Shareholders/Capital Owners No. S-949/MB/10/2020 dated October 23, 2020 concerning Aspirations of Shareholders/Capital Owners for the Preparation of Work Plans and Corporate Budgets for 2021. To carry out this obligation, Telkom has formulated regulations and policies as operational guidelines in the implementation of the TJSL Program, namely Board of Directors Regulation No. PD.703.00/r.00/HK200/CDC-A1000000/2021, regarding Social and Environmental Responsibility Programs.

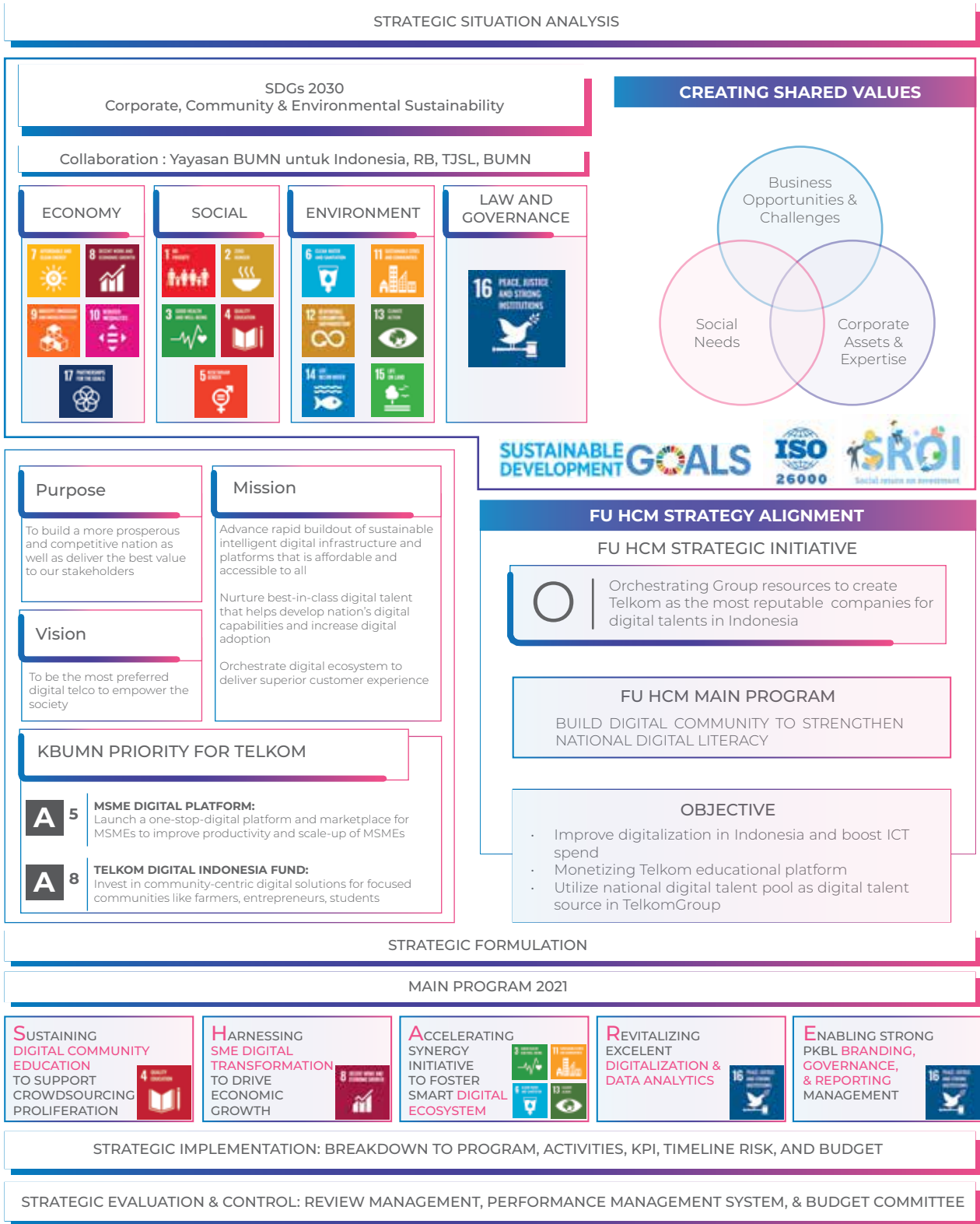
For Telkom, the TJSL program is one of the efforts to contribute to improving the welfare and quality of life of the community in a sustainable manner. Through the TJSL Program, Telkom carries out strategic steps in the social and environmental fields to support the Sustainable Development Goals (SDG), namely:

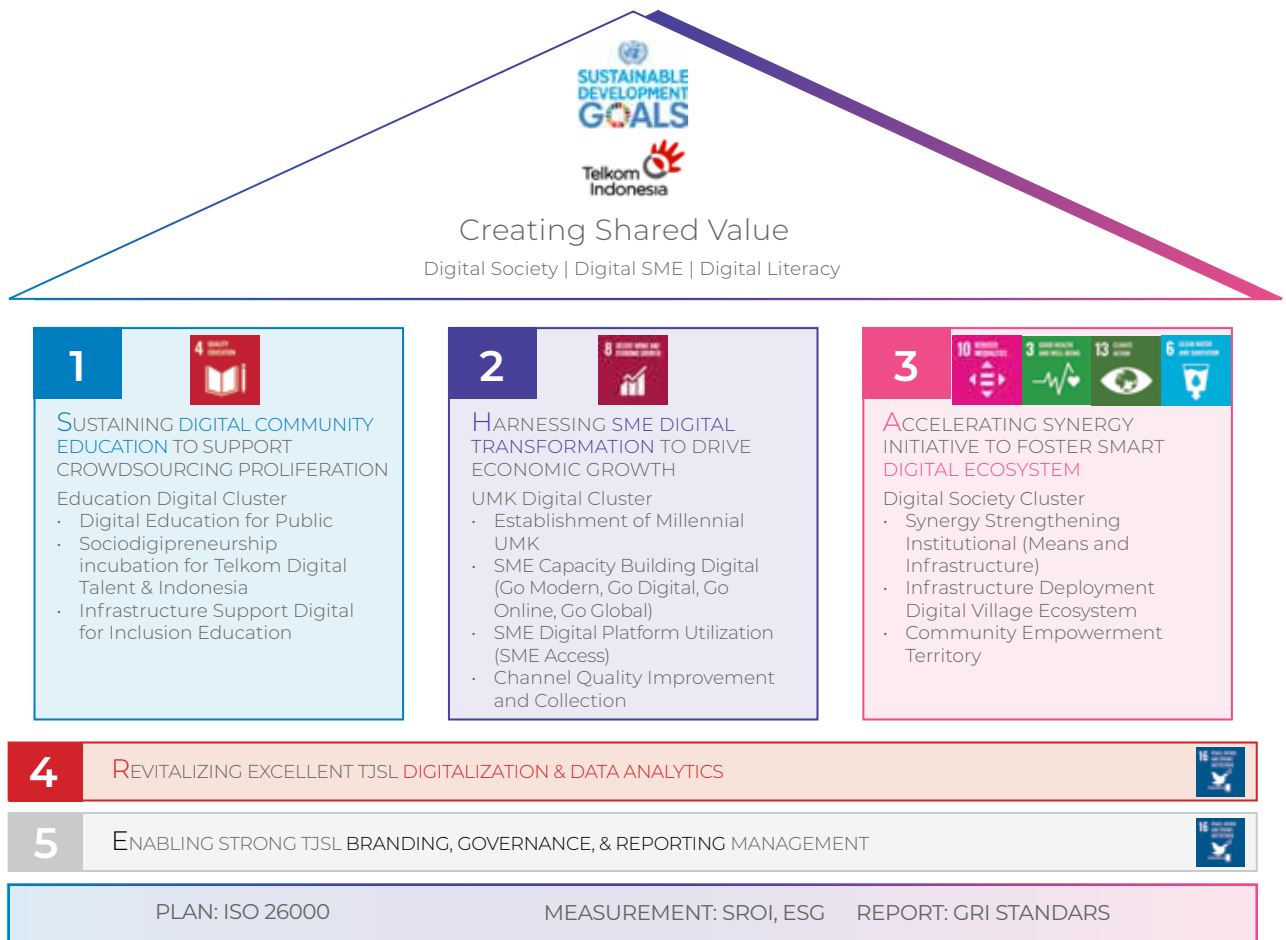
1. Community social assistance in the context of poverty alleviation;
2. Program to combat hunger and eliminate all forms of malnutrition;
3. Support for dealing with the pandemic of COVID-19;
4. Digital infrastructure support for educational inclusion;
5. Digital talent education to support the improvement of national digital literacy;
6. Assistance with sanitation facilities and clean water;
7. Empowerment of micro and small businesses;
8. Infrastructure and public facilities assistance;
9. Excellent fostered village development;
10. Sustainable settlement development program;
11. Assistance with climate change; and
12. Prevention of violence and combating terrorism.

Telkom seeks to encourage socially responsible behavior in all parts of the organization, both units, functions, and divisions of the parent company, as well as the Subsidiaries. This is done based on the socialization of the code of ethics and the development of corporate culture to all TelkomGroup people. Social and Environmental Responsibility (TJSL) is under the authority of the Community Development Center (CDC) unit and the Corporate Communication Sub-Department is authorized to manage the CSR-PR Program.



In implementing TJSL, Telkom encourages and ensures the active role of stakeholders in planning and formulating social responsibility in the field of community involvement and development. TelkomGroup continues to strive to create shared value for stakeholders. In 2021, the amount of funds realized for community involvement and development activities is Rp348.04 billion, up 0.5% from 2020.





## REALIZATION OF SOCIAL AND ENVIRONMENTAL RESPONSIBILITY ACTIVITIES

Target/Plan	Realization of Activities
Distribution of Food Aid	In 2021, Telkom will distribute Qurban meat aid to underprivileged communities, covering 23 cities/districts with 1,100 families receiving beneficiaries. In addition, as much as 232 Telkom volunteers have helped 45,452 disaster victims.
Vaccine Distribution and Access to Medicines	During 2021, through the Joint Vaccine Center (SVB) TelkomGroup has distributed 42,871 vaccine doses that reach 5 big cities. In addition, TelkomGroup also provides assistance in the form of: 1. Personal Protective Equipment (PPE) assistance for medical personnel and doctors throughout Indonesia, including ventilators to the BUMN Foundation for Indonesia; 2. Call Center services related to Convalescent Plasma Donors; and 3. Ambulance assistance and oxygen cylinders for communities around Telkom's operational areas.
Digital Education for Society	During 2021, for free internet access in the 3T area, Telkom has reached 30 villages using IndiHome Fiber Optic technology and 69 villages using Mangoesky Satellite technology. Telkom has also distributed computer and internet facilities to more than 88 schools with beneficiaries of around 5,798 students in 14 provinces.
Supporting Disabled Independence	Telkom provides assistance and educational facilities to students with disabilities in two locations, namely Bandung and Cianjur, including: • I-chat application for people with disabilities who are deaf – speech impaired; • Computer Braille (including applications) for people with visual impairments; • Teaching aids for mentally retarded and physically disabled persons.
Clean Water and Sanitation Assistance	The realization of the clean water and sanitation assistance program consists of 38 construction points for water reservoirs and 52 points for sanitation and public toilets, which can be utilized by 1,000 families or thereabouts 4,000 people. This help has reached 16 provinces with a total aid of Rp9.2 billion.



Target/Plan	Realization of Activities
Provision of Public Street Lighting with Renewable Energy Sources	Telkom provides assistance in the form of public street lamps (PJU) with renewable energy sources from solar panels on the streets on the slopes of the mountain in the Ngeni Village area, Wonotirto District, Blitar Regency, East Java. During 2021, Telkom has established as many as 12 solar power PJUs. Telkom also provided training in the form of solar PJU assembly training for the youth groups of Ngeni Village, with material related to understanding the electronic components of solar PJUs, electrical schematic diagrams, and modifying the arrangement of solar PJUs.
Supporting the Business Development of MSE Fostered Partners	Throughout 2021, Telkom has disbursed Rp223.28 billion in loans for the business development of MSEs fostered partners. The loans were distributed to more than 5,370 fostered partners engaged in the industrial, trade, livestock, plantation, fishery, agriculture, services and other business sectors.
SME Digital Platform Utilization Program	In 2021, to support the development of Micro, Small and Medium Enterprises in Indonesia with various programs that can help MSEs to gain access to capital, increase competence and access to the trade market, digitalization of MSE business activity solutions through the utilization of the SME Access application with 14,434 users active and commercialization of MSE products through digital e-commerce MySooltan with 256 fostered partners and through PaDi UMKM with 577 fostered partners. The program for providing internet packages for Telkomsel's UMK community is 5,165 fostered partners, IndiHome 934 fostered partners, and LinkAja 794 fostered partners.
Infrastructure to Support Local Economic Mobility and Growth	In 2021, to increase community mobility, especially in the 3T area, Telkom has built suspension bridges at 10 points and built rural roads at 10 points. The usefulness value obtained from this infrastructure assistance is around 55 thousand villagers get access to proper infrastructure.
Smart Village Nusantara	Throughout 2021, Telkom has realized assistance for digitizing rural areas and public facilities for tourism development of Rp4.97 billion. Meanwhile, the total number of assisted villages that have been realized is 7 assisted villages.
Contributing to Providing Decent Housing	In 2021, Telkom has renovated 200 worship houses and 50 houses. Meanwhile, for sports facilities and green open spaces, it is carried out at 100 points.
Together with the Community Mitigating the Impact of Climate Change	Throughout 2021, Telkom has carried out coral reef rehabilitation at 3 points, mangrove cultivation at 2 points, tree planting/greening at 7 points, and waste management activities at 6 points.
Support for Strengthening Governance System and IT Support	In 2021, Telkom has conducted training to community groups/MSEs assisted by <i>Badan Nasional Penanggulangan Terorisme</i> (BNPT) or National Agency for Combating Terrorism & provided work equipment for MSEs assisted by a total of 75 MSEs.
Innovillage	In 2021, in the Innovillage program, applicants consisted of 1,370 students with 479 registrant proposals were received from 67 campuses in 31 provinces in Indonesia, and the top 120 winners from 28 provinces have been awarded.

## MSE FUNDING PROGRAM

The MSE Funding Program is a community economic empowerment program that has the main objective of increasing the income of Micro and Small Business (MSE) activities through financing in the form of capital assistance loans with a relatively low level of administrative services. The management of the MSE Funding Program run by Telkom is also strengthened through the digitalization process, making it easier for MSEs to access loans while obtaining digital-based coaching programs as well as the opportunity to participate in local, national, and international exhibitions.

Throughout 2021, the UMK Funding Program funds that have been distributed by Telkom amounted to Rp223.28 billion to 5,370 MSEs engaged in the industrial, trade, agriculture, livestock, plantation, fisheries, services, and other business sectors. The following is data on the realization of the number of Fostered Partners and the distribution of MSE Funding funds per business sector from 2019 to 2021.

No.	Business Sectors	Number of Fostered Partners			Total Distributions (Rp Billion)		
		2021	2020	2019	2021	2020	2019
1.	Industry	1,095	1,043	1,261	47.12	45.10	46.34
2.	Trading	2,929	2,795	2,872	118.75	112.74	108.91
3.	Agriculture	110	100	108	5.07	4.46	4.53
4.	Farm	146	168	144	6.27	7.38	5.80
5.	Plantation	50	45	46	2.32	2.02	1.80
6.	Fishery	117	99	116	4.91	4.81	4.06
7.	Service	847	807	985	35.83	33.11	38.28
8.	Others	76	34	10	3.01	0.93	0.44
	Special SOE	-	-	1	-	-	25.00
	Sub Total	5,370	5,091	5,543	223.28	210.55	235.16
	Partnership Development Fund					11.11	18.28
	Total	5,370	5,091	5,543	223.28	221.66	253.44
	CAGR (%)	5.48	(8.15)	(26.07)	0.73	(12.53)	(9.48)

The number of UMK Funding Program Foster Partners in 2021 increased by 5.48% compared to 2020, while the amount of funds disbursed in 2021 increased by 0.73%.

## CAPACITY BUILDING OF FOSTERED PARTNERS

The coaching program carried out by Telkom focuses on providing training, consultation and certification for Foster Partners, ranging from traditional conditions to Go Modern, Go Digital, Go Online, to Go Global. One of Telkom's efforts to increase the Capacity of Fostered Partners is to participate in the Dubai Expo exhibition, October 2021–March 2022 and the Proudly Made Indonesia National Movement Program 2021. In this exhibition, various products from Telkom's Leading Foster Partners are presented, such as fashion and craft which are the mainstay of the economy creative Indonesia.



## FUND DISTRIBUTION EFFECTIVENESS OF MSE FUNDING PROGRAM

In 2021, Telkom targets the effectiveness of the distribution of PUMK Program funds at 90% of the available funds, with the realization reaching 96.58% (score 3). This achievement has been consistent in the last three years as a form of the company's commitment to empowering the national MSE sector.

**Table of Effectiveness of Distribution of Telkom Partnership Program Funds**

Partnership Program	Unit	2021	2020	2019
Amount of Funds Disbursed	Rp billion	223.28	221.66	253.44
Amount of Funds Available	Rp billion	231.92	225.58	268.48
Level of Effectiveness of Funding	%	96.58	98.27	94.40
Funding Effectiveness Level Score		3	3	3

## MSE FUNDING PROGRAM REFUND COLLECTIBILITY

The realization of collectibility of refunds for the Telkom UMK Funding Program in 2021 reached 74.82% (score 3), with a collectibility target of 70%. This performance has been relatively consistent in the last three years, as a form of the company's success in managing loan funds for the MSE Funding Program.

**Partnership Program Refund Collectibility Table**

Collectibility	Unit	2021	2020	2019
Collectibility Percentage	%	74.82	74.03	86.96
Score		3	3	3

## DISTRIBUTION EFFECTIVENESS OF SOCIAL AND ENVIRONMENTAL RESPONSIBILITY PROGRAMS

In setting the 2021 target, Telkom is expected to be able to distribute 100% of the TJSL program from the budget allocation of Rp125 billion. The realization of the TJSL Program in 2021 is Rp124.76 billion or 99.80% of the budget allocation for that year.

**Table of Effectiveness of Distribution of Telkom Community Development Program Funds**

Community Development Program	Unit	2021	2020	2019
Amount of Funds Disbursed	Rp billion	124.76	124.73	115.26
Fund Allocation Available	Rp billion	125	124.74	118.93
Level of Effectiveness of Funding	%	99.80	99.99	96.91

## BUDGET ALLOCATION OF SOCIAL AND ENVIRONMENTAL RESPONSIBILITY PROGRAM

In accordance with the regulations of the Ministry of SOEs, the budget allocation for the CSR Program is part of the budget which is calculated as the Company's expenses. The total CSR budget decreased from Rp350.32 billion in 2020 to Rp345 billion in 2021. The decrease in the budget allocation for the CSR program was caused by no additional budget allocation for the MSE Funding Program, taking into account the optimization of existing revolving funds.



Telkom Social and Environmental Responsibility Program Budget Allocation Table

No.	Program Type	Changes %	Rp miliar		
			2021	2020	2019
1.	MSE Funding Program	-2.47	220	225.58	265.00
2.	Social and Environmental Responsibility Program	0.2	125	124.74	118.93
<b>Total Number</b>		<b>-1.51</b>	<b>345</b>	<b>350.32</b>	<b>383.93</b>

## DIGITALIZATION OF MSE MANAGEMENT

Since 2016, Telkom has implemented a Partnership Program loan application service through the SmartBisnis website, installment payments through virtual bank accounts, namely Bank Mandiri and Bank BNI. Starting in 2017, Telkom has implemented an expansion of installment payment methods through virtual accounts, through synergies with Subsidiaries, namely PT Finnet Indonesia as an aggregator of non-bank payment points and payment points, including PT Pos Indonesia, PT Pegadaian, and mini market outlets.

In 2018, Telkom made an innovation in the form of a Smart Survey which serves to assist the business survey process of prospective fostered partners in an effort to improve the level of validity and accuracy of prospective fostered partners. Another innovation namely SMS Reminder, as a facility for active fostered partners to obtain billing information and notifications related to loan repayment.

Throughout 2019, Telkom again made various breakthroughs in the aspect of digitizing the CSR business process, including the CSR Dashboard as a data reporting center for the TJSL program management and activation of the TJSL Helpdesk as a communication channel between TJSL program managers and fostered partners.

Furthermore, in 2021, Telkom will digitize the management of the UMK Funding Program starting from UMK capital assistance to monitoring loan repayments through the implementation of SME Access. Through the SME Access application, it is possible to integrate the MSE management system as a whole, including with all Telkom Group service solutions for the MSE segment, in order to make the submission process for the Telkom PUMK Program easier, faster, and paperless.

All efforts to digitize the management of the TJSL program are aimed at providing MSEs with experience in accessing financial services as well as ensuring transparency and accountability in managing the TJSL program which is spread to the outermost, underdeveloped, and leading areas throughout Indonesia.

## CSR ACTIVITIES SUCCESS PARAMETERS

Telkom measures the success of CSR activities and community satisfaction as program beneficiaries using two methods, namely the CSR index (TJSL) and the Net Promoter Score (NPS). In 2021, the Company will measure the CSR (TJSL) Index with an achievement of 86.01%. This achievement illustrates that the CSR activities carried out by the Company are in the good category or strong level, and have a positive influence on the Company's image. When compared to the previous year, the CSR (TJSL) Index increased from 79.58% in 2020. This was due to an increase in the perception of fostered partners/objects of assistance and the surrounding community towards Telkom's CSR programs, particularly in the dimensions of citizenship, governance, and workplace.

Meanwhile, the Net Promoter Score (NPS) is used to measure the success of social responsibility towards the community. With NPS, Telkom identifies people's motivations to recommend or promote Telkom's products and services. The results of the 2021 NPS measurement of 53% indicate a positive value from the community's point of view in recommending the use of Telkom products. This result was higher than the previous year of 47.35%. This increase indicates that there is public motivation in recommending or promoting Telkom's products and services. The results of the 2021 NPS measurement show a positive value from the community's point of view in recommending the use of Telkom products.