



**PARTNERSHIP
AND COMMUNITY
DEVELOPMENT
PROGRAM (PKBL)**

270 Partnership and Community Development Program (PKBL) Report

PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM (PKBL) REPORT

For Telkom, the Partnership Program and the Community Development Program (PKBL) are an effort to manage the impact of policies and operational activities on the community and the environment in a sustainable manner. The Partnership Program (PK) is a government mandate to channel loan funds to micro and small businesses and increase the capacity of the Fostered Partners, while the Community Development Program (BL) is an empowerment of the social conditions of the community consisting of seven aid objects, namely:

1. Natural disaster victims donation
2. Education donation
3. Healthcare improvement donation
4. Improvement for infrastructure and/or public facility donation
5. Places of worship donation
6. Nature conservation donation
7. Civil society for poverty alleviation donation

Digitalization of PKBL Management

Telkom has used digital technology in managing Partnership Program Development Partners' data since implementing the PKBL Management Information System (SIM) in 2007. Then, in 2016 Telkom implemented the Partnership Program loan application through the SmartBisnis web and installment payment facilities through virtual bank accounts, namely Bank Mandiri and Bank BNI.

In 2017, installment payments through virtual accounts were expanded in a synergy program with a subsidiary of PT. Finnet Indonesia as a non-bank payment point aggregator, including with PT Pos Indonesia, PT Pegadaian, Alfamart, and Indomaret. It aims to make it easier for the Fostered Partner to make installment payments.

Also, in 2018, Telkom will innovate in the form of Smart Survey and SMS Reminder. Then, throughout 2019, Telkom made more various innovations in terms of digitizing PKBL business processes, including the PKBL Dashboard, the system for recording Community Development activities in the FiNEC application, and the PKBL Helpdesk.

LEGAL BASIS AND GENERAL POLICY

The legal basis for implementing PKBL activities has been regulated through Law No. 19 June 19, 2003, on SOEs, as well as a series of SOE Ministerial Decrees that have been amended several times. The latest amendment is SOE Ministerial Regulation No. PER 02/MBU/07/2017 dated July 5, 2017, regarding the Second Amendment to Minister of State-Owned Enterprises Regulation No. PER 09/MBU/07/2015 regarding Partnership Programs and the Agency for Community Development Programs State-Owned Enterprises. Another legal basis is the Minister of State-Owned Enterprises Letter No. S-564/MBU/08/2018 dated August 31, 2018, regarding the Aspirations of Shareholders / Capital Owners for the Compilation of the Company's Work Plan and Budget for 2019.

To carry out this obligation, Telkom has formulated policy and operational guidelines, namely Directors Regulation PR.202.60/r.00/HK200/COP-A2000000/2017 dated August 8, 2017, regarding the Community Development Center Organization.

SUCCESS PARAMETER

CSR (PKBL) Index

In 2019, the Company measured the CSR (PKBL) Index with the achievement of 76.08%. This achievement illustrates that CSR activities carried out by the Company was in a good category or strong level, and have a positive influence on the Company's image. Compared to the previous year, the CSR (PKBL) Index increased from 72.14% in 2018. This was due to an increase in the perception of the fostered partners/objects of assistance and surrounding communities related to Telkom's CSR programs, particularly in the dimensions of citizenship and governance.

Net Promoter Score - NPS

In measuring the success of social responsibility towards the community, Telkom uses the measurement of the Net Promoter Score (NPS). With NPS, Telkom identifies people's motivation to encourage or promote Telkom products and services. The 2019 NPS measurement results were 25.23% which showed a positive value from the perspective of the community in recommending the use of Telkom products. However, the result is lower than the previous year which was 26.6%.

With this decline, Telkom should improve in the future by taking several strategic steps, increasing public awareness of the Telkom's PKBL activities through communication programs and branding of excellent programs with interesting themes and materials, as well as sharing with stakeholders related to Telkom's CSR program.

The following table presents Telkom's NPS in the past three years.

NPS Measurement Results in 2017-2019

Criteria	2019	2018	2017
	%		
Promoters	38.53	42.23	39.31
Passive	48.18	42.14	35.95
Detractor	13.30	15.63	24.74
NPS	25.23	26.60	14.57

PKBL REALIZATION

Partnership Program

The Partnership Program is a community economic empowerment program that aims primarily to increase the income of micro and small scale business activities (micro, small and medium enterprises/MSMEs) through the provision of loan funds with low interest and administrative services. Management of the Partnership Program run by Telkom is also focused on digitalization. Therefore, in addition to providing loans, Telkom provides digital training for Fostered Partners and includes Fostered Partners at national and international exhibitions.

Throughout 2019, the Partnership Program funds distributed by Telkom amounted to Rp253.44 billion to 5,543 MSMEs engaged in the industry, trade, agriculture, animal husbandry, plantation, fishery, services sector, and others. The following is data on the realization of the number of Fostered Partners and Distribution of funds per business sector from 2017 to 2019.

Table of Distribution of Partnership Program Funds and the Number of Telkom Fostered Partners in 2017-2019

No.	Business Sector	Number of Foster Partners			Total Disbursements (Rp billion)		
		2019	2018	2017	2019	2018	2017
1.	Industry	1,261	1,699	1,683	46.34	53.86	53.92
2.	Trading	2,872	4,028	4,592	108.91	134.39	144.56
3.	Agriculture	108	125	120	4.53	4.17	4.37
4.	Farming	144	216	237	5.80	8.20	8.56
5.	Plantation	46	80	121	1.80	2.71	3.46
6.	Fishery	116	146	199	4.06	4.78	6.48
7.	Service	985	1,184	1,404	38.28	43.06	47.80
8.	Others	10	20	11	0.44	0.77	0.43
	Special SOE	1	—	—	25.00	—	—
	Sub Total	5,543	7,498	8,367	235.16	251.99	269.58
	Fostering Partnership Fund				18.28	27.99	34.09
	Total	5,543	7,498	8,367	253.44	279.98	303.67
	CAGR (%)	(26.07)	(10.39)	(23.63)	(9.48)	(7.80)	(15.86)

The number of recipients of Partnership Program funds in 2019 decreased by 26.10% compared to 2018, while the number of funds channeled in 2019 decreased by 10.55%. That was due to no additional approval of the budget allocation for the partnership program from the Ministry of SOEs.

Increased Capacity of Fostered Partners

In 2019, Telkom increased the capacity of the Foster Partners with three main activities, namely digitizing the management of partnership programs, fostering Partner certification, and conducting digital training for Foster Partners. Besides, Telkom included Foster Partners in national and international exhibitions, including Adiwastra Nusantara in Jakarta on Maret 20 - 24, 2019, Artigiano in Fiera Exhibition in Milan - Italy on November 30 - December 8, 2019, Indonesia Creative Product Festival (ICPF) exhibition in Kuala Lumpur - Malaysia on May 3 - 5, 2019, and Indonesia Festival in Seoul - South Korea, September 20-22, 2019.

The Effectiveness of Partnership Program Fund Disbursement

In 2019, Telkom targets the effectiveness of Partnership Program funding to reach 90% of the available funds. The effectiveness of the distribution of Partnership Program funds reached 94.40% with a score of 3. The achievement is not much different in the last three years.

Effectiveness of Program Fund Disbursement in 2017-2019

Partnership Program	Unit	2019	2018	2017
Total Funds Disbursed	Rp Billion	253.44	279.98	303.67
Total Funds Allocated	Rp Billion	268.48	293.87	328.21
Fund Disbursement Effectiveness Rate	%	94.40	95.27	92.52
Fund Disbursement Effectiveness Score		3	3	3



The Collectability of Partnership Program Funds

The realization of the collectability of Telkom Partnership Program refunds in 2019 reached 86.96% with a score of 3. With a collectability target of 70%, the achievement exceeded expectations. The performance is also relatively constant in the last three years.

Collectability Rate of Partnership Program Funds in 2017-2019

Collectability	Unit	2019	2018	2017
Collectability Rate	%	86.96	88.85	85.17
Score		3	3	3

The Effectiveness of Community Development Program Fund Disbursement

In setting the 2019 target, Telkom is expected to channel 80% of Community Development funds from an allocation of Rp118.93 billion. Realization of 2019 Community Development Program funds was Rp.115.26 billion or 96.91% of the allocated funds for the year. This achievement in 2019 is the lowest in the last three years because there is a mandatory program that is carried over to the following year.

Effectiveness of Community Development Program Fund Disbursement in 2017-2019

Community Development Program	Unit	2019	2018	2017
Total Funds Disbursed	Rp Billion	115.26	105.88	81.91
Total Funds Allocated	Rp Billion	118.93	105.00	82.00
Fund Disbursement Effectiveness Rate	%	96.91	100.84	99.97

PKBL BUDGET ALLOCATION

Following SOE Ministry regulations, the budget allocation for the Partnership and Community Development Program is derived from profit allowance and/or comes from the budget calculated as SOE costs. In 2019, the total PKBL budget decreased from Rp405 billion in 2018 to Rp383.93 billion in 2019. The consideration underlying the decline in PKBL funds was the absorption of the previous year's budget and growth factors based on the program plan.

Budget Allocation of Partnership Program and Community Development in 2017-2019

No.	Type of Program	Change	2019	2018	2017
		%	Rp (billion)		
1.	Partnership Program	(11.67)	265.00	300.00	322.00
2.	Community Development Program	13.27	118.93	105.00	82.00
Total		(5.20)	383.93	405.00	404.00

