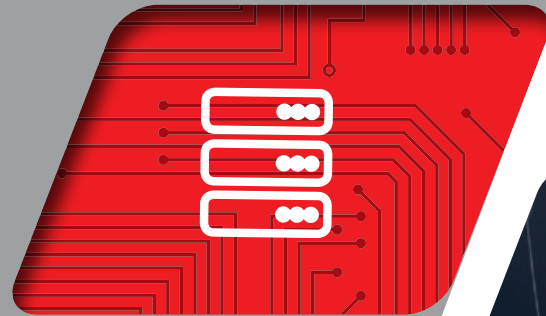




PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM (PKBL)

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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 7 (seven) assistance objects, which are:

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

Digitalization of PKBL Management

Since 2016, Telkom has implemented PK loan application services through the SmartBisnis web, installment payments through bank virtual accounts, which are Bank Mandiri and Bank BNI. Starting in 2017, Telkom has implemented an expansion of the installment payment method through virtual accounts, in synergy with subsidiaries, which are PT Finnet Indonesia as a payment point non-bank aggregator and payment point, including PT Pos Indonesia, PT Pegadaian, Alfamart and Indomaret.

In 2018, Telkom made an innovation in the form of Smart Survey and SMS Reminder. Then, throughout 2019, Telkom made various innovations in terms of digitizing PKBL business processes, including the PKBL Dashboard, the system for recording transactions for Community Development activities in the FiNEC application, and the PKBL Helpdesk. All of these efforts are aimed at making it easier for Foster Partners to pay loan installments and ensuring transparency and accountability in the management of the Partnership Program that has spread to the outermost, underdeveloped and frontier areas throughout Republic of Indonesia (NKRI).

In addition, in 2020, Telkom digitalizing information services needed by Foster Partners through the implementation of UKM Access. This application is needed to support transparent communication & information between the manager and the Development Partners, as well as the mutual control regarding the installments of the Foster Partners.

LEGAL BASIS AND GENERAL POLICY

The legal basis for implementing PKBL activities has been regulated through Law No. 19 dated June 19, 2003, on SOEs, as well as Resolution of SOE Ministerial that have been amended several times. The last amendment is Regulation of the Minister for State-Owned Enterprises Number: PER-02/MBU/04/2020 dated April 7, 2020 regarding Third Amendment to the Regulation of the Minister for State-Owned Enterprises Number: PER-09/MBU/07/2015 regarding Partnership Program and State Owned Enterprises Development Program. Another legal basis is the Letter of the Minister for State-Owned Enterprises Number: S-574/MBU/ 08/2019 dated August 30, 2019 regarding Shareholders Aspirations for the Preparation of the 2020 Work Plan and Company's Budget.

To carry out this obligation, Telkom has formulated policy and operational guidelines, which is the Company Regulation (Persero) PT Telekomunikasi Indonesia Tbk Number: PR.702.01/r.01/PRO00/CDC-A1040000/2018 dated February 26, 2018 regarding Guidelines for the Operational Implementation of the Partnership Program and Community Development Program.

SUCCESS PARAMETER

CSR (PKBL) Index

In 2020, Company measured the CSR (PKBL) Index with the achievement of 79.58%. 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 Company's image. Compared to the previous year, the CSR (PKBL) Index increased from 76.08% in 2019. This was due to an increase in the perception of fostered partners/aid objects and the surrounding community regarding Telkom CSR program, especially in the dimensions of citizenship, governance, and workplace.

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 2020 NPS measurement results were 47.35% showed a positive value from the perspective of the community in recommending the use of Telkom products. However, the result is higher than the previous year which was 25.23%.

According to the increase, this indicates peoples' motivation to recommend or promote Telkom's products and services. The results of the 2020 NPS measurement show a positive value from the perspective of the community in recommending the use of Telkom products.

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

NPS Measurement Results in 2018-2020

Criteria	2020	2019	2018
	%		
Promoters	53.98	38.53	42.23
Passive	39.39	48.18	42.14
Detractor	6.63	13.30	15.63
NPS	47.35	25.23	26.60

PKBL REALIZATION

Partnership Program

The Partnership Program is a community economic empowerment program which has the main objective to improve 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 2020, the Partnership Program funds distributed by Telkom amounted to Rp221,66 billion to 5,091 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 2018 to 2020.

Table of Distribution of Partnership Program Funds and the Number of Telkom Fostered Partners in 2018-2020

No.	Business Sector	Number of Foster Partners			Total Disbursements Rp billion		
		2020	2019	2018	2020	2019	2018
1.	Industry	1,043	1,261	1,699	45.10	46.34	53.86
2.	Trading	2,795	2,872	4,028	112.74	108.91	134.39
3.	Agriculture	100	108	125	4.46	4.53	4.17
4.	Farming	168	144	216	7.38	5.80	8.20
5.	Plantation	45	46	80	2.02	1.80	2.71
6.	Fishery	99	116	146	4.81	4.06	4.78
7.	Service	807	985	1,184	33.11	38.28	43.06
8.	Others	34	10	20	0.93	0.44	0.77
	Special SOE	-	1	-	-	25.00	-
	Sub Total	5,091	5,543	7,498	210.55	235.16	251.99
	Fostering Partnership Fund				11.11	18.28	27.99
	Total	5,091	5,543	7,498	221.66	253.44	279.98
	CAGR (%)	(8.15)	(26.07)	(10.39)	(12.53)	(9.48)	(7.80)

The number of recipients of Partnership Program funds in 2020 decreased by 8.15% compared to 2019, while the number of funds channeled in 2020 decreased by 12.53%.

Increased Capacity of Fostered Partners

One of Telkom's efforts to increase the Capacity of Foster Partners is to participate in Indocraft 2020 exhibition on March 11-15, 2020 at Cendrawasih Hall, Jakarta Convention Center (JCC). In this exhibition, various batik and craft products are presented as the mainstay products of Indonesia's creative economy. Pandemic conditions transformed the way to deliver the Partnership Development Program from face-to-face to digital-based, including Telkom-Assisted UKM webinar to Help Relieve the Impact of COVID-19 on Business Continuity on May 13, 2020, which was attended by 650 Foster Partners.

The Effectiveness of Partnership Program Fund Disbursement

In 2020, 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 98.27% with a score of 3. The achievement is not much different in the last three years.

Effectiveness of Program Fund Disbursement in 2018-2020

Partnership Program	Unit	2020	2019	2018
Total Funds Disbursed	Rp billion	221.66	253.44	279.98
Total Funds Allocated	Rp billion	225.58	268.48	293.87
Fund Disbursement Effectiveness Rate	%	98.27	94.40	95.27
Fund Disbursement Effectiveness Score		3	3	3



The Collectability of Partnership Program Funds

The realization of the collectability of Telkom Partnership Program refunds in 2020 reached 74.03% 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 2018-2020

Collectability	Unit	2020	2019	2018
Collectability Rate	%	74.03	86.96	88.85
Score		3	3	3

The Effectiveness of Community Development Program Fund Disbursement

In setting the 2020 target, Telkom is expected to be able to channel 100% of Community Development funds from a fund allocation of Rp124.74 billion. Realization of funds for the Community Development Program in 2020 amounted to Rp124.73 billion or 99.99% of the fund allocation for that year. This achievement in 2020 is considered to have increased from the previous year.

Effectiveness of Community Development Program Fund Disbursement in 2018-2020

Community Development Program	Unit	2020	2019	2018
Total Funds Disbursed	Rp billion	124.73	115.26	105.88
Total Funds Allocated	Rp billion	124.74	118.93	105.00
Fund Disbursement Effectiveness Rate	%	99.99	96.91	100.84



PKBL BUDGET ALLOCATION

In accordance with Regulation of the Ministry of SOE, budget allocation for Partnership and Community Development Program comes from the calculated budget as SOE's cost. Total of PKBL budget decreased from Rp383.93 billion in 2019 to Rp350.32 billion in 2020. That was due to no additional approval of the budget allocation for the partnership program from the Ministry of SOE.

Budget Allocation of Partnership Program and Community Development in 2018-2020

No.	Type of Program	Change	2020	2019	2018
		%	Rp billion		
1.	Partnership Program	(14.88)	225.58	265.00	300.00
2.	Community Development Program	4.89	124.74	118.93	105.00
Total		(8.75)	350.32	383.93	405.00

