

Building Impact Through Digital Transformation





Welcome to Amartha's ESG & Sustainability Report 2023



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Part 1

Introduction and Strategy



Scope of the report

This report's scope is Amartha's operations across Indonesia.

Reporting cycle & reporting period

Amartha is committed to publishing a sustainability report every year.

This report contains disclosure for January 1, 2023 to December 31, 2023 period.

Feedback

We aim to continuously improve our sustainability report. For any questions, suggestions, or feedback: katrina.inandia@amartha.com or info@amartha.com

External assurance

Amartha is in the process of engaging with an independent external assurance for this report. The report has been reviewed and verified by an internal team to ensure the accuracy and conformity of data published.

Head Office address

Jl. TB Simatupang Kavling 18, Kelurahan Cilandak Barat, Kec.Cilandak, Kota Adm. Jakarta Selatan, Provinsi DKI Jakarta, Kode Pos: 12430



I am very grateful to have known Amarth. I used to borrow capital from banks and *koperasi*, but it was still not enough for my business needs. Moreover, it was difficult to obtain permits to get additional capital. But thanks to Amarth, I can now overcome the shortage of capital.

Ibu Susi, Artisan Bamboo Craft





Founder and CEO Oversight

Since its establishment, Amartha has consistently committed to delivering values to the communities through our sustainable business practices. Aligned with our core values, we firmly believe that building a scaled business with ethics and integrity is essential for lasting economical, societal and environmental benefits.

Amartha's establishment of ESG goals since 2022 reflects our dedication to transparently chart our progress and ensure accountability. The information presented in this report serves as a testament to our journey in embodying these principles and achieving our sustainability objectives.

As our business expand, we continuously adapt and deepen the scope of our ESG programs, demonstrating our proactive approach to adaptive sustainability.

In the environmental aspects, we have implemented various initiatives, such as carbon reduction programs, waste management, and green building practices, showcasing our dedication to mitigating environmental impact from our operations.

Amartha's social impact remains evident as the number of our customers grow; helping them scale their businesses and increasing their annual revenue by 65% throughout 2023. Moreover, Amartha expanded our engagement with the communities by providing scholarship for girls in rural villages and talented college students from top five universities in Indonesia to pursue their STEAM (science, technology, engineering, arts and mathematics) studies through Amartha Cendekia Scholarship and Fellowship programs. In addition to the financial support, the students receive leadership and career coaching from our professional networks.

Additionally, our corporate governance practices placed a strong emphasis on providing everyone equal opportunities to achieve greater prosperity. Our business has successfully balanced community values with sustainable financial performance. This report also demonstrates our dedication to accountability and openness, which are based on ethical and equitable business practices.



Andi Taufan Garuda Putra
Founder and CEO Amartha



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Aligned with our core values, we firmly believe that sustainable business practices are essential for lasting societal and environmental benefits.

Andi Taufan Garuda Putra
Founder and CEO Amartha





Amartha's Sustainability Reporting Journey

2016 marked the publication of Amartha's first sustainability report, titled *Amartha Social Accountability Report*, to demonstrate our commitment to environmental and social responsibility. Our strategy and impact measurement continues to evolve to meet global reporting standards and changing stakeholders demand. For this purpose, Amartha started implementing global sustainability reporting guidelines and standards from 2021 until now.

Amartha aligns the sustainability objectives with its risk mitigation strategy and considers sustainability part of its core business process.



The global standard that we use as part of our sustainability management and reporting are among others:

- Global Reporting Initiative (GRI 2021) (with reference reporting).
- ISO 26000.
- IFC's Corporate Governance Performance Indicators for Capital Markets Financial Institutions (FIs) (IFC-G).
- IFC's Environmental and Social (E&S) Performance Indicators for Capital Markets Financial Institutions (FIs) (IFC-E&S).
- Women's Empowerment Principles (WEP).
- Client Protection Principles (CPP).
- Sustainability Accounting Standards Board (SASB): Consumer Finance.
- Morgan Stanley Capital International (MSCI): Financials.
- Sustainalytics Material ESG Issues.
- POJK no 51/2017.



This is our sustainability highlights in 2023



Economic

- Amarta booked IDR 1,145.9 billion in revenue, or a 71% increase compared to the previous year.
- Amarta spent IDR 429.7 billion in operating expenses in 2023, an increase from IDR 309.4 billion last year.



Environment

- Amarta's total carbon emissions (CO₂) from our energy consumption from January to December 2023 reached 16,846.16 metric tons.
- Amarta has successfully recycled 5,863 kilograms of waste, which accounts for 69% of the total, converting it into valuable products such as home appliances, PET presses, and plastic flakes.
- Amarta established its own Mini 'Miyawaki' Forest in the head office area in 2023, in collaboration with Junglo.



Social

- According to the 2024 Well-being Survey, 93% of Amarta's borrowers can be classified as 'empowered' due to their engagement with Amarta.
- In 2023, we recorded that more than 84 thousand borrowers started hiring their first employees.
- The scholarship, available to daughters of Amarta's borrowers and relatives, Amarta team members' families, and the general public, ultimately selected 150 awardees from 5,167 applicants.



Governance

- Amarta hired 5,156 new employees for head office and field office, of which 59% are female, that helped creating jobs in rural villages.
- In 2023, Amarta appointed one more female leader, 28 female analysts in the Head Office, and 191 more female business managers in the field office.
- We comply with the ISO27001 standard and POJK 10/2022 to mitigate information security and protect customer data privacy.
- Throughout 2023, a total of 311 employees consisting of 146 (or 47%) women and 165 (or 53%) men, taking parental leaves.



ESG Strategy: Materiality, Stakeholder Engagement, and Risk Assessment



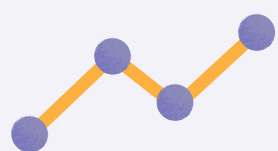
How we integrate ESG into business operations



We use ESG as a mitigation strategy



We make assessments based on ESG to accept and channel funds



We consider ESG to make impactful investment

ESG (Environmental, Social, and Governance)

ESG materially articulates potential Environmental, Social, and Governance (ESG) effects on the organization and its stakeholders. The ESG Risk Assessment analyzes the identification of ESG Materiality with the primary objective of devising a strategy to maintain the company's sustainability and create a competitive advantage. ESG materiality may be modified or updated every 2 years based on a performance evaluation of the program's accomplishment and efficacy.

To determine materiality assessment, Amarthu surveyed key stakeholders, including the Board of Directors, employees, investors, customers, and state policymakers, to determine which ESG topics this group deems most pertinent to our business. In 2023 Amarthu also established an ESG management committee to ensure our ESG programs and materiality are defined.



Rudiantara

President Commissioner
Independent
Supervisory Board



Andi Taufan

Founder and Chief
Executive Officer
Supervisory Board



Aria Widyanto

Chief Risk and Sustainability
Officer
Chairman



Budhi Siswondji

Chief Operational Officer
Member



Rine

Chief People Officer
Member



Ramdhan A.

Chief Financial Officer
Member



Armyn Gita

Head of Public Relations
Member



Katrina Inandia

Head of Impact & Sustainability
Member

In addition, Amartha conducts risk assessments in the economic, environmental, social, and governance sectors, which may impact the sustainability of businesses. The Board of Directors, Impact & Sustainability Division, and other relevant divisions participate in the risk assessment. The risk assessment results serve as the foundation for the company's five-year ESG program priorities.



Table 1 Amarta ESG Materiality Assessment

No	Issue/Risk	Cause	Effect	Mitigation
Economy				
1	Inability to retain and attract new Borrowers	Partners move to other institutions	Decreased revenue	Carry out regular engagement and assistance and offer products that suit the needs of Partners
2	There is a mismatch between financing needs (demand) and funding availability (supply)	The growth in demand for financing is greater than the growth in funds from lenders	Failed disbursement and complaints from borrowing partners	Conducting simulations and planning as well as collaborating with banking institutions (super-lenders) and opening debt-financing facilities from foreign investors
3	Partner portfolio quality deteriorates (NPL)	Inaccurate creditworthiness assessment : business conditions worsen due to pandemic	Failure to pay which results in losses for the lender and Amarta	Creating an adaptive and predictive credit scoring engine to reduce the potential for default; diversify the portfolio in accordance with regional risk exposure due to the pandemic
4	Service stops due to system failure or disruption	The transaction support provider service is interrupted or there are bugs in the Amarta application	Financial and reputational losses	Execute business continuity plan scenarios and ensure every software development through a strict Quality Assurance (QA) process

Environmental

1	Failure to pay due to the impact natural disasters	Climate change resulting in extreme weather and natural disasters	NPL increases and financial loss	Create a programs for handling non-performing loans specifically for areas that are vulnerable to climate change
2	Partner's risk increases because their business is vulnerable to climate change risks (such as farmers, fishermen) unable to pay installments	Climate change which causes the potential of natural resources to decrease	NPL increases and financial loss	Carry out counseling (by the facilitator) to borrowers who are at risk of being directly affected by climate change
3	Partner's living environment is prone to disasters (flooding and landslides)	Illegal logging and damage resulting in floods and landslides in the Partner's residence	NPL increases and financial loss	Plant trees in areas where borrowers have been exposed to illegal logging or extreme weather vulnerability

Social

1	Partner welfare does not increase	Partner experience over debt (excess borrowing) because they do not understand financial management properly	Failure to pay and disrupted group performance	Make mandatory financial management training and use the system to prevent partners from experiencing high debt levels or excessive financing
2	Employee make unethical billing and violate the code of conduct	Lack of awareness and discipline of field officers in carrying out SOP's	Bad reputation and decreased trust of partners	Certification of collection and periodic training related to the ethical billing process in accordance with the code of conduct



Governance

1	Money laundering risk both on the side of partners and lenders	Due diligence process that is not in accordance with the procedure	Bad reputation and potential legal risks	Implementing OJK and PPATK regulations related to APU/PPT or ML and running customer screening with APU/PPT software
2	Fraud, embezzlement, and other operational risks occur in the field	Suboptimal supervision from superiors; weak control infrastructure	Financial loss for the company, reduced public confidence	Implement 3 years of defense, namely internal control on the business side, risk management supervision and internal audit; establish a surveillance system to help predict potential fraud
3	Customer data leak	Cyber-attack or internal process weakness	Bad reputation and potential legal risks	Carry out ISO27001 and IT Governance procedures to manage the company's information security



About Amartha



Amartha began its journey of servicing underserved rural communities in 2010 from a small village in Bogor, West Java. Because women in rural villages operate the majority of informal businesses, Amartha designed its product by offering working capital loans to ultra-micro and micro enterprises (MSMEs). Amartha transformed into a financial technology company in 2016 when it introduced the peer-to-peer (P2P) lending model as PT Amartha Mikro Fintek to make digital financial services more accessible to unbanked and underserved rural villages. Since then, Amartha has maintained a high-quality portfolio while expanding exponentially.

As of December 2023, Amartha has disbursed more than **IDR 17 trillion** of funds from mostly urban lenders to **2.2 million** women ultra-micro entrepreneurs across more than **73,618 villages** in Java, Sulawesi, Sumatra, Kalimantan, Bali, and Nusa Tenggara.

To promote better equity in financial inclusion and empower rural communities, Amartha disbursed **58.37% of the working capital outside of Java**. This affirmative intervention aims to reduce the gap between urban and rural while stimulating economic growth in underdeveloped villages.



Sumatra

224 Points
23,739 villages
846,129 borrowers



Java

337 Points
37,138 villages
1,113,660 borrowers



Sulawesi

140 Points
10,553 villages
358,575 borrowers



Kalimantan

74 Points
64 villages
741 borrowers



Bali & Nusa Tenggara

83 Points
2,124 villages
60,644 borrowers



As an impact-oriented business, Amarta integrates its business model with its strategy to deliver value to the community. In this regard, Amarta's product development, market expansion, and segmentation are always geared towards improving customer well-being. We believe that doing good is always compatible with business expansion and generating sustainable profit. Therefore, Amarta's primary mission is to promote shared prosperity through financial inclusion and women empowerment.

With the peer-to-peer model, Amarta's funding comes from the general public via institutional channeling (primarily commercial and rural banks) and individual retail investors. The model is intended to democratize the lending process to provide subprime borrowers with a second opportunity to improve their financial standing and credit score. To determine the risk level and creditworthiness of our prospective consumers, we have

developed Amarta Score (A-Score), a proprietary credit scoring engine powered by artificial intelligence logic. Amarta Score is a credit scoring system developed by Amarta for mitigating risk. This product is highly accurate because it uses AI and indicators based on fundamental factors in the grassroots economic environment. This product will provide our lenders with high confidence and mitigate the risk when choosing borrowers.

As serving the grassroots market requires a hybrid model to ensure inclusivity, Amarta maintains a network of **7,434 field officers** (Business Partners) who facilitate offline transactions and assist rural communities in joining the digital society. With this strategy, Amarta ensures that digital financial services can be provided to all customers, regardless of their level of digital literacy. This makes our approach more inclusive and the digital transformation more sustainable and equitable for all.

Our Network of Impact Makers



Amartha believes all hands must be on deck to create a lasting impact. In 2023, Amartha's team of impact makers has grown to **9,793 team members**. This includes the engineering, product, and functions team at our Head Office, as well as **8,708 field team members** serving thousands of villages across Indonesia on a daily basis.

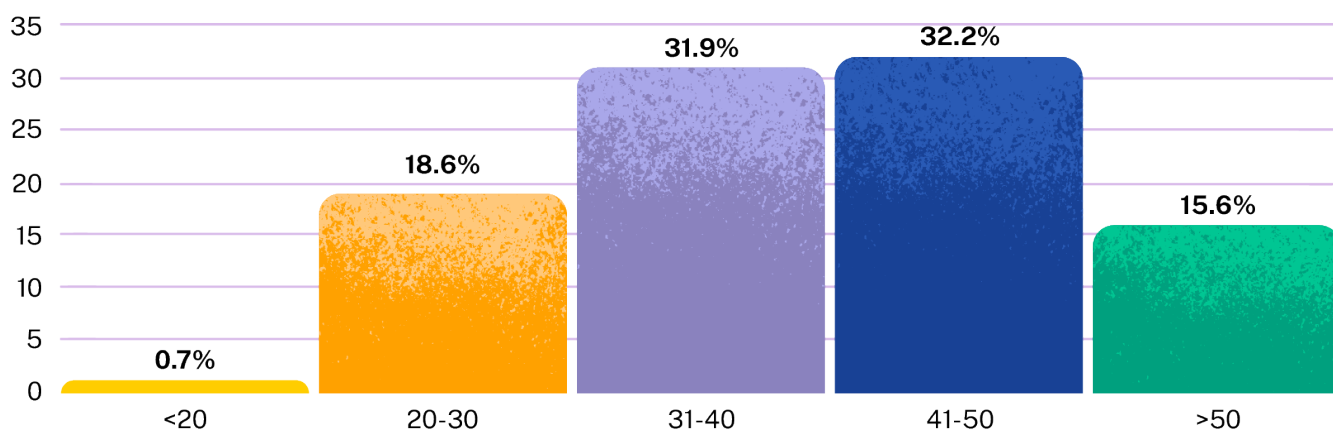
Our external stakeholders, in addition to our internal team, have played significant roles in delivering impact to our communities. With the support of **699,851 registered retail lenders** and over **32 institutional channeling partners**, Amartha was able to disburse over **IDR 17 trillion to 2.2 million women-led MSMEs** in 2023. Our 2.2 million borrowers are of productive ages based on the chart below, with the majority coming from within the 41-50 (32.2%) and 31-40 (31.9%) age categories. This shows how a loan from Amartha supports women at productive ages to thrive and prosper.





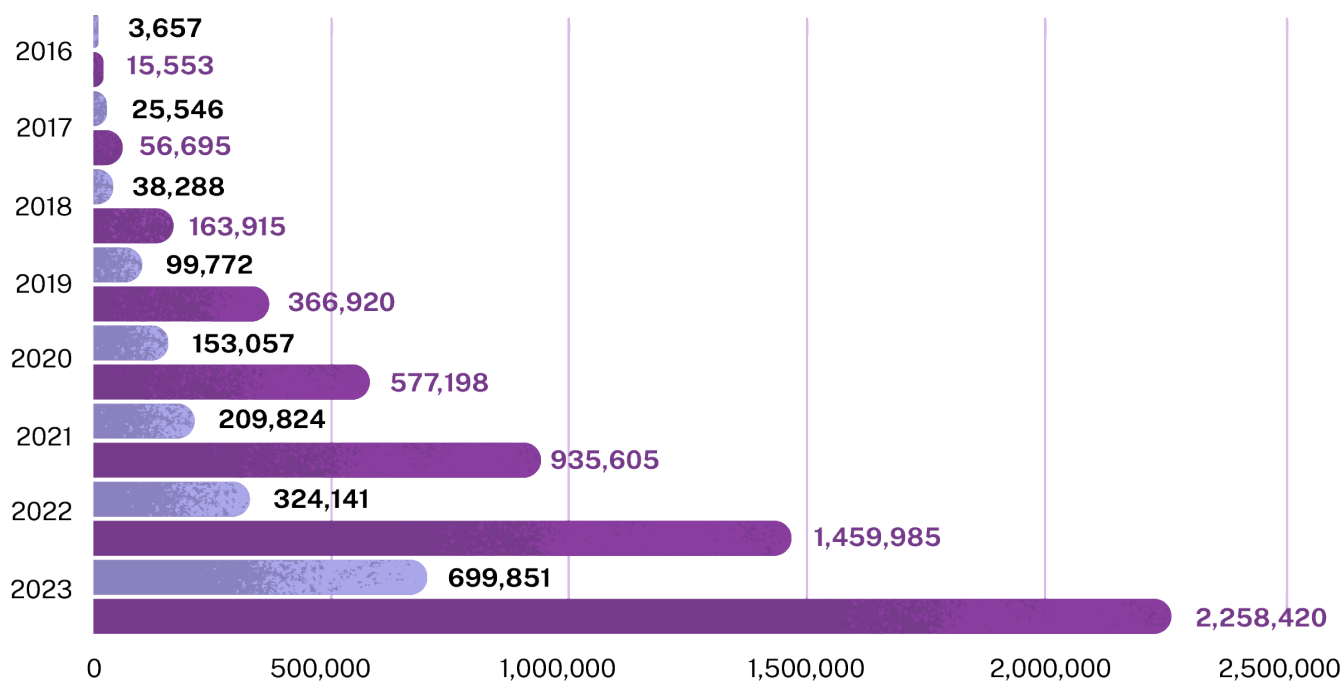
Borrower's Age Group

<20 20-30 31-40 41-50 >50



Lenders and Borrowers' Growth Over the Years

Lenders Borrowers



699,851

Registered
Retail
Lenders

32

Institutional
Channeling
Lenders

2.2 million

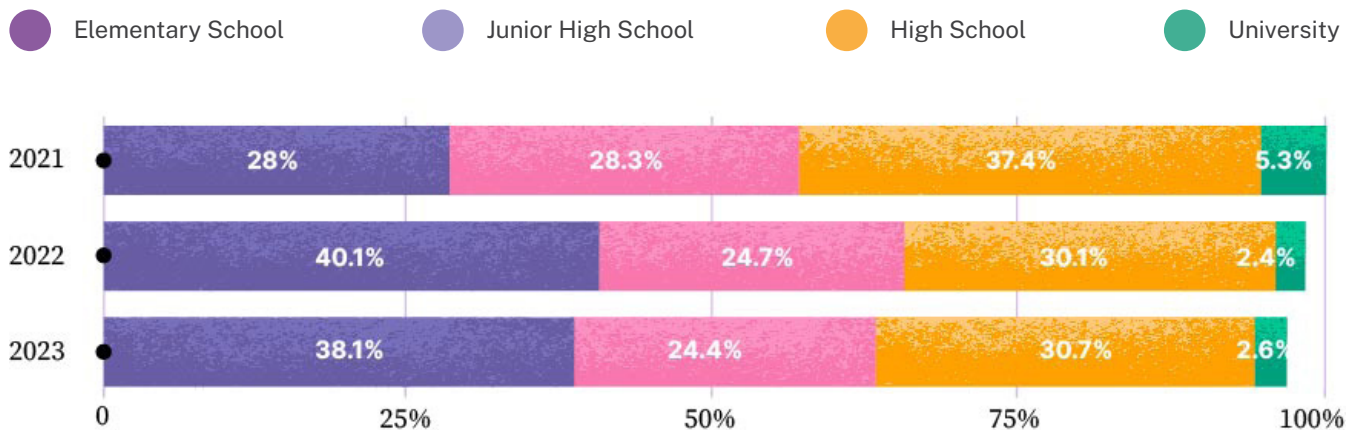
Women-led
MSMEs

9,397

Strong Team
Members



Borrowers Education Level



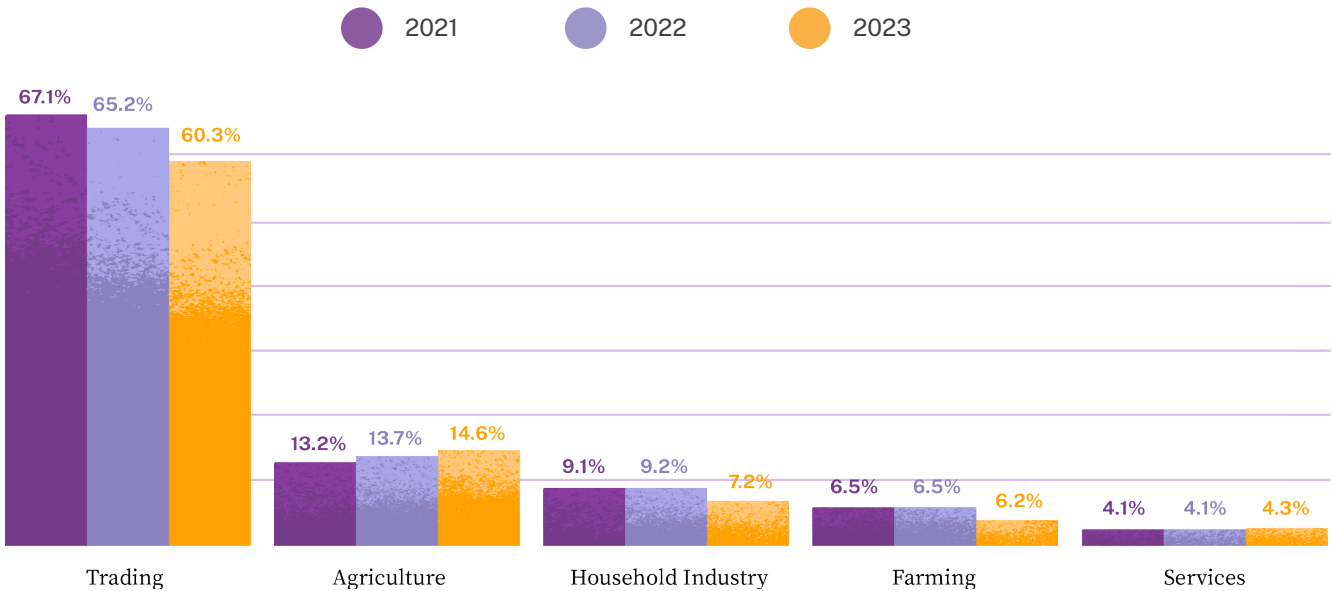
According to the chart above, most of our borrowers have only completed elementary school (38.5%). As lower education levels may be considered “socio economically marginalized”, Amarthia targets this segment as part of our empowerment program through women-led entrepreneurship.

Although high school education is mandatory and the government funds its tuition fee, only 30% of our borrowers hold a high school diploma. With the loan that Amarthia provides, one of our primary objectives is to increase the

educational level of children in the family as a result of an improved income from the business. Therefore, the future generation could afford higher education, which in turn will improve the family's livelihood.



Business Sector of Borrowers



Regarding the business sector, the majority of our borrowers are engaged in trading (67.1%), operating small stores from their homes and selling their wares to the villagers, followed by smallholder agricultural activities (14.6%) and home industries (7.2%). Community trading is the most popular activity in villages due to its low risk, high adaptability, and ability to generate daily financial income.





In the spirit of building sustainability networks and partnerships to enhance value creation for the community, Amarta also collaborates with regulators, multilateral development agencies, and other private sector partners to implement our sustainability initiatives.

ACCION



BlueOrchard
Impact Investment Managers

Member of the
Schroders Group



Global Compact
Network Indonesia



COMMUNITY
INVESTMENT
MANAGEMENT



SME FINANCE
FORUM



**Women's
World
Banking**

Norfund



responsAbility



KEMENTERIAN
PEMERINTAHAN DAN PELINDUNG ANAK
REPUBLIK INDONESIA



Economic Performance



Amartha aims to create prosperity for everyone, especially Indonesia's bottom of the pyramid. To achieve that vision, Amartha is committed to bringing inclusive financial access to micro and small enterprises (MSEs) that are underserved financially and digitally in remote villages to achieve prosperity.

Through an inclusive finance framework, Amartha introduces pathways to prosperity for millions of Indonesia's micro SMEs, particularly those operating at the grassroots levels in rural villages, while maintaining a sustainable and profitable business model.

Amartha's economic performance in 2023 reflects its overall business achievements for the year. Throughout the year, Amartha booked IDR 1,145.9 billion in revenue, or a 71% increase compared to the previous year. The revenue is contributed from the expansion of the customer base and service areas, mainly in Borneo Island and the eastern part of Indonesia. Amartha spent IDR 429.7 billion in operating expenses in 2023, an increase from IDR 309.4 billion last year.



Amartha's Sustainability Strategy

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Our business operations are exposed to several risks, both for internal and external stakeholders. Aligning with globally recognized international ESG frameworks and standards is our strategy to mitigate the threats and promote opportunities, supporting the business in growing more sustainably.



“

Through Amarta, I increased production and created job opportunities for the surrounding community. The profit gained has significantly increased because we can produce more tempeh.

Ibu Suryanah, Tempeh Producer

In carrying out this commitment, Amarthā adheres to the ESG goals, which are comprised of three primary objectives on Environmental, Social, and Governance:

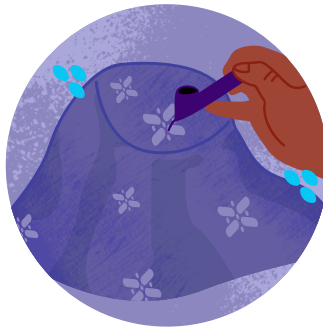
Environmental Goals



Protect the Environment while Promoting Economic Growth

- Reduce Greenhouse Gas Emission
- Promote Sustainable Consumption and Production

Social Goals



Deliver Impacts on the Lives of Our Customers, Team Members, and Communities

- Promote Sustainable Financing
- Promote Ethical Lending
- Drive Women Empowerment
- Improve well-being through education

Governance Goals



Establish a secure platform through an accountable governance approach

- Protect Customer Data Privacy
- Respect Equal Rights
- Maintain Trustworthy Partnership

To maintain Amarthā's sustainable performance and fulfill our ESG commitment, we have developed an ESG Roadmap that will serve as our future strategies.

We began integrating and implementing ESG across the enterprise in 2022. In 2023, Amarthā continued improving its ESG initiatives, events, partnerships, and reporting by working in conjunction with the leading sustainability stakeholders in the country. Furthermore, Amarthā continued the establishment of Amarthā Foundation to implement sustainability initiatives across the nation through three key areas: education, women empowerment, and sustainable digital transformation.





Amartha's Contribution to Sustainable Development Goals (SDGs)



The Sustainable Development Goals (SDGs) will be attained through the collaboration of Indonesia and all other nations. The 2015-launched Sustainable Development Goals (SDGs) are expected to be met by 2030. Amartha believes all stakeholders, including business communities and non-governmental organizations, must contribute to the attainment of SDG objectives. To achieve this, Amartha has integrated the SDGs into our business strategies and operational activities.

With the world recovering from the COVID-19 pandemic's economic effect, it is important for Amartha to support ultra-micro businesses and other vulnerable groups to ensure they also benefit from the economic recovery.

Amartha contributes to SDGs by poverty reduction and economic empowerment through the provision of financial products that fit the needs of rural women, along with promoting financial literacy to empower women economically, are among the top priorities.





Amartha helps reduce poverty rate by providing financial access to the unbanked and the underserved. **On average, the income of borrowers increased by 61.56% during 2023.**



Amartha promotes awareness on the importance of children's education to borrowers. Our concern for education is formalized through our SOP, which states that field officers always encourage borrowers to prioritize their children's education during weekly meetings in Ikrar Amarthu (Amartha Pledges). In addition, Amarthu provides scholarship programs for borrowers' and employees' families as well as for the public to promote quality education. **In 2023, Amarthu granted 150 scholarships to girls in the villages among 5,000 applicants via Amarthu Foundation's Cendekia Scholarship.**



Amartha supports women lead in micro-business and rural economy. By promoting women to have their own income and building personal assets, Amarthu helps women to participate and lead in the economic life of their families, thus reducing the gap between men and women. **99% of Amarthu's 2.2 million borrowers are women from vulnerable groups, i.e., rural villagers from low-income and low-educational backgrounds.**



Amartha supports employment and job creation in rural areas. Working capital from Amarthu enabled **84,522 borrowers in rural areas to hire their first employee within a year in 2023, creating jobs in the villages.**



Amartha strengthens women's economic capacity at the bottom 40% of the population by ensuring that the majority of our borrowers are women. We focus on rural villages and peri-urban areas where the financial access disparity is prominent. **In 2023, Amartha's financial service served more than 73,000 villages.**



Amartha promotes sustainable consumption and production practices by integrating these principles into the lives of our borrowers and employees by assessing their business process based on ESG policy. Through our data collection, we gain insights into the lifestyle of our borrowers, enabling us to develop targeted programs that promote sustainable living practices. **In 2023, we promote sustainable behaviours by continuing our waste recycling programme at our Head Office as a tangible demonstration of our commitment. We are proud to announce that Amartha has successfully recycled 5,863 kilograms of waste, which accounts for 69% of the total waste generated.**



To amplify its impact and advance a common goal, Amartha actively engages with diverse external stakeholders, including government entities, funders, academic institutions, and international organisations.

Amartha partners with international organisations such as the UN-IGCN, IBCSD, UN Women's WEP, IBCWE, and G20 EMPOWER. Additionally, Amartha collaborates with governmental bodies like the Ministry of Law and Human Rights, the Ministry of Women's Empowerment and Child Protection, and the Ministry of Communication and Information (Kominfo). Amartha also works with development finance institutions, including the Australian Department of Foreign Affairs and Trade and the US International Development Finance Corporation. To strengthen research initiatives and empower future leaders, Amartha partners with esteemed universities and research centres such as Institut Pertanian Bogor, Universitas Indonesia, Universitas Gadjah Mada, Institut Teknologi Bandung, and Universitas Brawijaya. Furthermore, Amartha collaborates with multinational institutions like the World Bank, IFC, Lendable, Accion, Norfund, Triple Jump, Incofin, Community Investment Management, Blue Orchard, ResponsAbility, and BRED to enhance its ESG framework and secure essential funding.

Awards and Recognitions



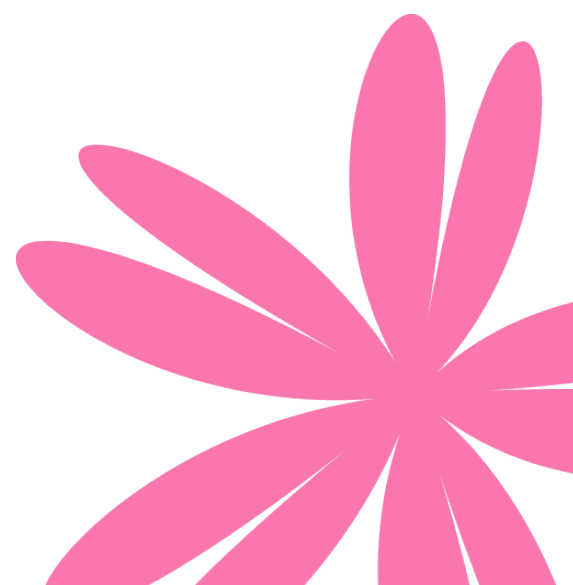
Sustainability Marketing Excellence (SME) 2023 by Marketeers - Financial Inclusion for Womenpreneur of The Year

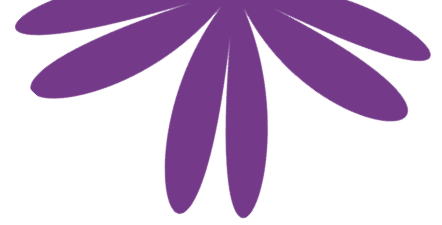
The award is a competition for companies and organizations that have successfully implemented sustainable marketing which has an impact on strengthening the economy, empowering communities, and preserving the environment.

Asian Technology Excellence Awards 2023 by Asian Business Review - Indonesia Technology Excellence Award Winner for Mobile in Financial Technology (Fintech) Industry

The Asian Technology Excellence Awards is one of the most prestigious awards program in the Asian region dedicated to the most outstanding technology projects and innovations.

The award recognize Amartha's innovation in empowering grassroots business actors in Indonesia to develop their businesses through the use of digital technology.





Marketing & Communications Awards 2023 by MIX Marcomm Magazine - Best Integrated Brand Communication

The award is given for corporate communication creativity in maintaining the existence of the company brand.

Amartha was awarded with the title "Very Good" for the "Harmoni Amartha" campaign production program. "Harmoni Amartha," itself tells the story of how Amartha harmonizes various elements and factors ranging from innovation, digital infrastructure, access to capital, and grassroots MSME players supporting each other to realize equitable and sustainable prosperity.

SWA HR Excellence 2023 Awards

The award recognizes companies in Indonesia with excellent performance in human resources practices.

In 2023 Amartha won three categories, including Learning & Development and Knowledge Management, Reward Management & Talent Retention Strategy, and Wellbeing Management.



Sustainability Partnerships

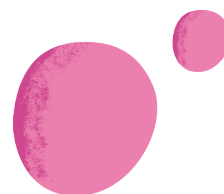


As part of SDG 17, Amarthia is actively engaged in partnership with external stakeholders, such as development agencies, governments, NGOs, academic institutions, private sectors, and other non-governmental organizations in promoting sustainability practices.





With Governments



Ministry of Communication and Information (Kominfo)

Throughout 2023, Amartha partnered with Kominfo to provide training and digital literacy workshops for rural villagers. This program aimed to train more than 20,000 MSMEs all over Indonesia. These MSMEs undergo a six-month development program with 110 facilitators appointed by Kominfo. This collaboration is part of the Ministry's program entitled "UMKM Naik Kelas". The MoU for partnership between Amartha and the Ministry was signed in early 2023.



Ministry of Women Empowerment and Child Protection (KPPPA)

The Minister of Women's Empowerment and Child Protection appointed Amartha's Chief Risk and Sustainability Officer (CRSO) as G20 EMPOWER Advocate for Women Empowerment to support Indonesia's G20 presidency, specifically to help formulate policies and strategies to empower women in the MSME sector. Amartha also organized collaboration projects with KPPPA, such as being a part of the establishment of Women and Children-Friendly Village (*Desa Ramah Perempuan dan Anak*) program across Indonesia.



Non-Governmental Organizations



Blue Forest

Blue Forest is an organization that aligns communities with their respective environmental challenges by providing 'hands-on' experience in social, economic, and ecological watershed research. Amartha and Blue Forest have conserved 2 hectares of mangroves on Tanakeke Island, South Sulawesi, by the year 2022 and 2023. The initiative is a component of Amartha's strategy to offset its carbon emissions and become a carbon-neutral business.



Jejakin

Jejakin is an organization that offers a platform that enables companies and individuals to calculate and track their carbon footprints, while also donating to tree-planting projects to offset their emissions. In collaboration with Amartha on mangrove conservation in 2023, Jejakin & Amartha planted 1,000 mangroves in Demak, Central Java.



Junglo

Junglo is an organization that aims to bring back the lost ecosystems of Indonesia and beyond. Using the Miyawaki Method, Junglo makes climate action accessible to everyone, everywhere. Through collaboration with Junglo, Amartha established its own Miyawaki Forest in the Amartha's head office area. This collaboration made Amartha the first company in Jakarta to plant forests with native tree species using the Miyawaki method.



Associations



Women's World Banking

Women's World Banking is a non-profit organization that provides strategic support, technical assistance, and information to a global network of 55 independent microfinance institutions (MFIs) and banks that provide credit and other financial services to low-income women entrepreneurs in developing countries. Amarthā has collaborated with the WWB advisory team throughout 2022 to develop a gender assessment methodology and identify the gender initiative's gaps in order to ensure that Amarthā's gender initiative is in accordance with market best practices and global standards.



SME Finance Forum

SME Finance Forum works to increase small and medium business access to capital. Through Amarthā's membership with SME, we have participated in various knowledge-sharing sessions, surveys, and research on promoting innovation and financial inclusions, as well as attended the SME Finance Forum 2022 in Cambodia to share our experience in promoting rural finance by speaking on the Banking the Informal Sector panel.



IGCN (Indonesia Global Compact Network)

Indonesia Global Compact Network (IGCN) is a local network of the United Nations Global Compact in Indonesia, composed of corporations and organizations that have mutually agreed to support, promote, and implement the United Nations Global Compact Principles. Through the network, Amarthā declares an annual report through Communication on Progress (COP) that details our initiatives and strategies in protecting Human Rights, Labor, the Environment, and Anti-Corruption.





IBCWE (Indonesia Business Coalition for Women Empowerment)

IBCWE is a coalition of businesses committed to promoting women's economic empowerment and gender equality. With the help of IBCWE, Amarta developed the Gender Equality Assessment Results and Strategies (GEARS) exercise as a voluntary effort among private sectors to understand the gap and design an action plan for gender initiatives within the organization using a standardized assessment instrument.



IBCSD (Indonesia Business Council for Sustainable Development)

IBCSD is a CEO-led association of Indonesian corporations committed to promoting sustainable development via economic growth, ecological balance, and social advancement. Amarta participated in various knowledge-sharing sessions as a facilitator and participant to position ourselves within the dynamics of the private sector's sustainability in Indonesia.





Part 2

Sustainability Agenda





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Alhamdulillah, with the loan from Amarth, I can rent an even larger space for the production process of crackers, enabling me to produce more (crackers) and increase the profit obtained.

Ibu Traliah, Rice Crackers Producer



Implementing ESG Safeguard Mechanism

Overview

Amartha is committed to building a sustainable business practice in digital financial services for the grassroots economy by carefully implementing ESG safeguard mechanisms, such as a standardized ethical lending practice and adherence to human rights protection.



Ethical Lending and Client Protection

We implement ethical lending practices as an essential part of delivering our services to customers. These standards safeguard clients from unjust, deceptive, or abusive practices and provide them with the necessary knowledge, steps, and tools to make sound financial decisions.



The lending practices adhere to Cerise+SPTF's Standard for Responsible Financial Services. We have also developed an exclusion list aligning with IFC standards which details the businesses that Amarta will not provide funding to.

In 2022, we conducted a self-assessment using the Universal Standards for Social and Environmental Management (USSEPM), which encompassed seven dimensions as depicted below, and received a score of 88.2 or "Silver" status.





In addition, we conducted the Global Impact Investing Rating System (GIIRS) Ratings & Analytics by the B-Corp, which provides the impact standards and rating system necessary to facilitate a scalable and transparent marketplace for institutional investors, financial services intermediaries, and organizations seeking mission-aligned growth capital. GIIRS offers company and fund impact evaluations, as well as current and historical analyses of impact performance and comparable data. GIIRS awarded Amarthas the “Platinum” rating.





Human Rights Protection

In terms of human rights protection and governance principles, we benchmark ourselves against international guidelines by joining the IGCN as signatories and making a commitment to the ten Global Compact Network principles.



Green
Category

Did You Know?

This year, the Indonesian Ministry of Law Human Rights certified **Amartha** as **a company that respects human rights** in its Prisma Assessment 2022.

Amartha submits a COP declaration annually as part of our commitment to transparency and accountability in implementing the principles of human rights, labor protection, environmental initiatives, and anti-corruption. UN Global Compact Network administers the COP Questionnaire. The purpose of the declaration is to contribute value to Amarthartha in various ways, such as by demonstrating our commitment to corporate sustainability, the United Nations Global Compact Network (UN-GCN) Ten Principles, and the Sustainable Development Goals. In addition, the annual reporting will be used to measure and demonstrate the consistent and unified implementation of the Ten Principles.

In addition, Amarthartha voluntarily participated in the Ministry of Law and Human Rights's self-assessment on human rights implementation in the workplace (PRISMA). Protection of human rights at Amarthartha is reflected in its internal policies, which include a non-discrimination policy in hiring and promotion, employee benefits and protection procedures, well-being and mental health enhancement, as well as a people development strategy that encourages self-actualization through professional and personal development. In addition, human rights principles are implemented for consumers through ethical lending practices, including Amarthartha's participation as a signatory to the code of conduct for lending companies established by Indonesia's fintech lending association.



Environmental

Overview

Amartha also contributes to the global issue of fighting climate change, and we demonstrate our commitment through our strategies, which aim for a gradual reduction in carbon emissions. Amartha also believes in circularity, which is why we implement a waste management policy emphasizing waste reduction.



Tackling Climate Change (Net Zero Initiative)

Amartha strongly commits to minimizing environmental damage by reducing carbon dioxide emissions and promoting green financing. To incorporate green financing principles, in 2023, we are in the initial planning stage of calculating the carbon footprint produced by the borrower.



As a financial technology company, Amartha calculates our carbon footprint using the Scope 2 Principles of the Greenhouse Gas Protocol. Scope 2 GHG emissions are indirect emissions caused by an organization's purchase or use of electricity, steam, heat, or ventilation. These emissions exceed an organization's operational limits but are correlated with its use of purchased energy. Therefore, we also include the travel expenses of our field officers in our carbon footprint as a more conservative approach to exercising our carbon footprint calculation. Below is the summary of Amartha's carbon emissions in 2023.



Emission source	Measurement	Emission (metric tons)
Travels	127,780,752 km/year	11,131.57
Energy usage	7,213,479 kWh/year	5,595.50
Total	16,846.17 metric tons of CO ² emission per year	

Based on the above report, Amartha’s total carbon emissions (CO2) from our energy consumption from January to December 2023 reached **16,846.17 metric tons**. The increase in our 2023 emissions inventory compared to the previous year is due to a broadened

scope of calculation that allows us to measure emissions from our field offices. The increase is also due to the new establishment of Amartha’s satellite offices in different cities, such as Bandung, Yogyakarta, Surabaya, and Bekasi, as well as expanding our business to 1,009 points.



Eliminating Waste

We acknowledge that Amartha’s operations generate unavoidable waste, such as trash and debris associated with business processes, like paper and other waste produced in the headquarters and field offices.

We collaborate with Waste4Change as our waste recycling partner to manage our waste effectively. Together with Waste4Change, we measure and track our waste production and reduction every month to reduce it.

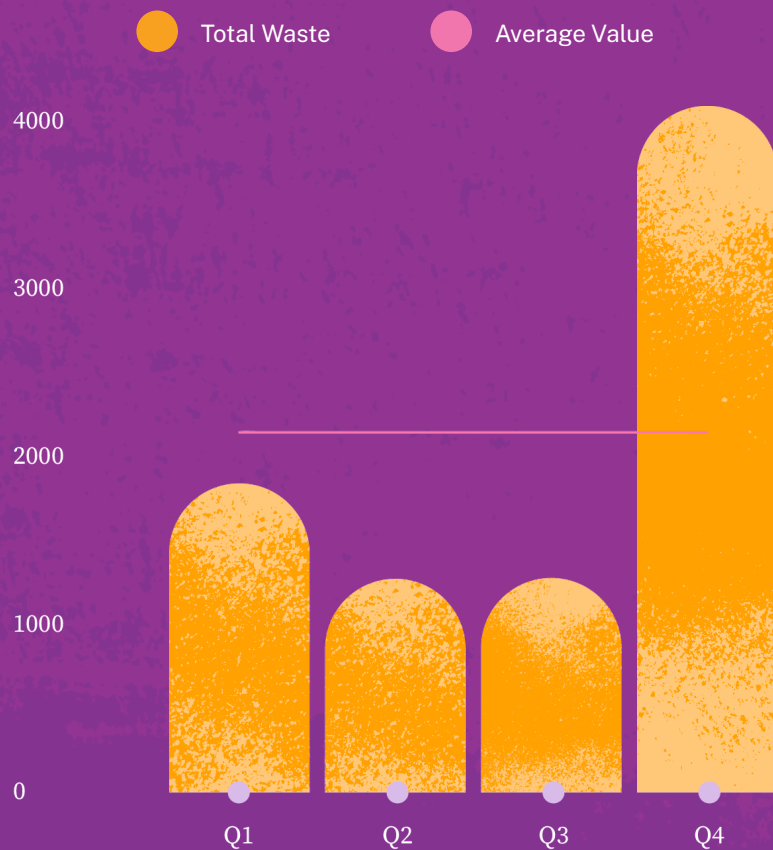
Internally, Amartha’s Impact & Sustainability team, together with Waste4Change, campaigns on the significance of waste management to all employees and stakeholders.

This collaboration began in September 2022 at Amartha headquarters.

Based on our tracking report, during 2023, we have collected 8,486 kilograms of organic and non-organic waste in the head office area alone. Of the total waste, 5,863 kilograms (69%) were recycled, converting them into valuable products such as home appliances, PET presses, plastic flakes, etc. The organic waste was recycled as compost and BSF larvae. Other residues were recycled into briquettes using RDF technology by Waste4Change.

“69% of Amartha’s waste in the Head Office was recycled, as part of our commitment to preventing solid waste dumping into landfills.”

Monthly Waste Generation





Carbon Emissions

Carbon footprint is an inevitable consequence of all business types. As a financial technology company, Amartha can produce carbon emissions in any of its activities. Most of Amartha's carbon emissions stem from the operation sector, including the daily mobilization of field officers and electricity consumption (field office and head office).

Motorcycle travels related to our operation were counted 127,780,752 kilometers in 2023. To calculate the emission, we divided the types of motorcycles based on their engine size (125cc and 150cc). Our field officers' vehicle consists of 5,583 motorcycles with 125cc engines and 1,337 with 150cc engines. Consequently, the total carbon emissions produced were **11,131.3517 metric tons** per year.



Motorcycle Type	Number	Travel distance (km/year)	Coefficient (gram/km)	Metric tons/year
125 cc	5,583	103,883,976	83.9	8,715.865586
150 cc	1,337	23,896,776	100.09	2,415.486118
Total	6,920	127,780,752		11,131.3517

In addition to calculating carbon emissions based on the distance our field agents travel, we calculate carbon emissions based on our electricity consumption. In 2023, we start tracking our electricity carbon in our headquarters and field offices. The total carbon emissions from electricity usage in 2023 equaled **5,595.30 tons** of CO₂ annually.



Type	Electricity cost/month (IDR)	Basic rate (Rp/kWh)	kWh/year	Coefficient (kg/kWh)	Metric tons/year
HO	481,955,491	1,115	5,188,175	0.7757	4,024.47
FO	188,140,638	1,115	2,035,304	0.7757	1,571.03
Total					5,595.50

To offset and align our carbon footprint with key stakeholders' interest, we designed a program to preserve mangroves in a disaster-prone region of South Sulawesi and Central Java in collaboration with an NGO and an environmental women's activist group such as Jejakin, Blueforest, etc. In addition to its carbon benefits, mangrove forests are crucial for preventing coastal erosion and enhancing resilience against tsunami threats. In the long term, mangroves will also generate economic benefits for coastal communities through ecotourism and the advancement of biodiversity as a result of environmental protection.

During our second phase of mangrove conservation in 2023, we planted 1,000 mangroves in Demak, Central Java, in collaboration with Jejakin, and 4,000 mangroves in Tanakeke Island, a small island off the coast of Makassar in South Sulawesi, in collaboration with Blue Forests Foundation.





Water Consumption

Amartha believes that water consumption plays a critical role in environmental conservation, and we want to take part in conserving it.



For the 2023 reporting year, Amarthā is still identifying the parameters and scope for measuring water consumption by our company, and thus has not included water consumption and conservation in our measurement due to the absence of data. Although the regulations do not require such disclosure from a financial services company like Amarthā, we will do our best to make it available in the subsequent reporting year.

Biodiversity

In line with the commitment to becoming a net zero company and reducing carbon emissions, Amarthā established its own Mini 'Miyawaki' Forest in the head office area in 2023.

In collaboration with Junglo, an organization that focuses on preserving native forest ecosystems, the initiative allows Amarthā to rebuild an original forest ecosystem in its head office area to preserve the environment and maintain sustainable groundwater availability.

The Miyawaki method proves that forest conservation can be done on limited land. Through this initiative, Amarthā planted a total of 19 tree seedlings, including needlewood (*Schima wallichii*), blackboard tree (*Alstonia scholaris*), red sandalwood (*Adenanthera pavonina*), weeping fig (*Ficus benjamina*), and several other plant

Apart from planting native forests in the head office area in South Jakarta, Amarthā also donated monkey pod trees (*Samanea saman*) and various shrub seedlings in the Krecek Village area, Central Java, to further expand our biodiversity initiatives. Monkey pod tree was chosen because it maintains groundwater quality better than other types of trees. In 2023, Amarthā also planted 200 plants, including jackfruit, longan, and productive plant seeds in Lombok, West Nusa Tenggara, and 600 productive plants in IKN Nusantara (Indonesia's new capital city).





“

Alhamdulillah, with the capital from Amarth, my husband and I used it to rent land and expand the variety of crops such as chili and coffee. With the last capital, we rented land behind the house to cultivate white radishes and increase their size and harvest. With the increasingly managed land, we can also create job opportunities for the surrounding community.

Ibu Wiwi, Radish Farmer



Social

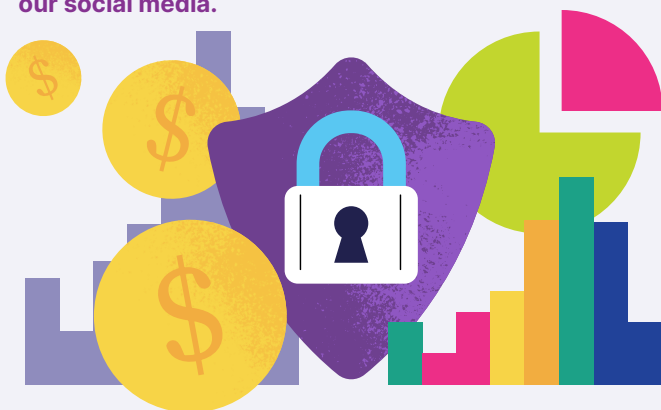
Overview

Amartha focuses on various aspects of improving the social well-being of its borrowers through various programs and impact measurement initiatives. Our social initiatives include promoting impact investing for lenders, measuring the financial and personal well-being of our borrowers, empowering rural women entrepreneurs, and helping girls in the village access higher education through our signature program, Amartha Cendekia Scholarships.



Mainstreaming Impact Investing

In addition to financial returns for investors, we have always believed that financial stability can bring much more value to others. Consequently, it is our duty to provide information on the impact of our lenders' investments on the lives of our borrowers, such as through this annual ESG report and regular updates on our social media.



As a formal channel, we host regular Impact Talk, a signature talk show hosted by our CEO and featuring inspiring individuals from various disciplines, as well as the Martha Talk Podcast, to help spread news, raise awareness, and invite the public to join our impact investment movement. In addition, Amartha classifies and labels the lender's investment portfolio into three impact categories (economic, social, and environmental impact), which correspond to the business types of the borrowers in which they invest. This way, lenders can choose which areas of impact their investment will be focused on. In 2023, Amartha is supported by 699,851 registered retail lenders and over 32 institutions that channel their funds to our rural communities.

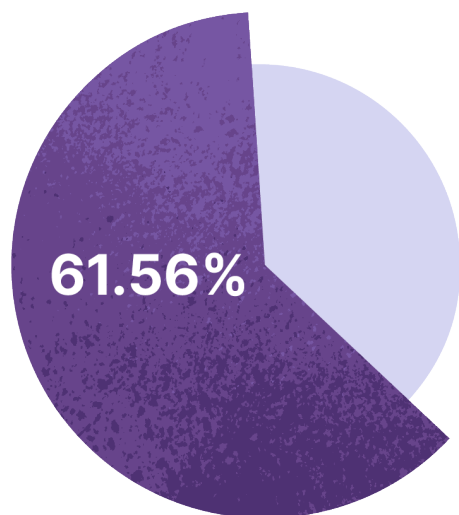
Income Improvements

Earning a decent income is one of the keys to reaching prosperity. Therefore, Amarththa is committed to helping financially underserved MSMEs to prosper. According to data from the Coordinating Ministry for Economic Affairs of the Republic of Indonesia (2022), the role of MSMEs is enormous in the growth of the Indonesian economy, reaching 99% of all business units. SMEs also contribute 60.5% of GDP and 96.9% of total national labor absorption.

Previously, the condition of local MSMEs had declined in the first two years of the COVID-19 pandemic, namely in 2020-2021. However, as many as 84.8% of MSMEs that were previously in a slump have returned to normal operations in 2022. According to data from the Indonesia Fintech Lending Association (AFPI), in 2020, around 46.6 million of the total 64 million MSMEs in Indonesia did not have access to capital from banks or non-bank financial

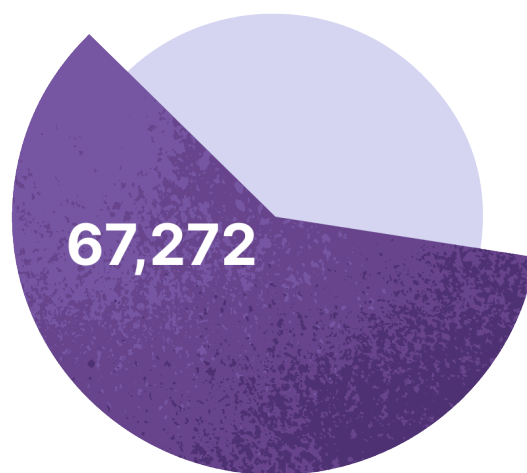
institutions and lack of financial literacy. This limited financial literacy hampers the provision of financial support from the government. For this reason, Amarththa plays a role in disbursing more than IDR 17 trillion of funds to women-led MSMEs, including those without bank accounts.

Amarththa periodically evaluates the effect of our economic intervention by monitoring the income growth of our borrowers as a proxy for their financial health. The evaluation is explicitly conducted during the second year of the loan cycle to comprehend better how our one-year intervention can increase borrower income. We have collected data on the economic impact on our borrowers from 705 samples representing 2,258,420 borrowers in 2023, with an error margin of 3.69% and a confidence level of 95%.



Increase in borrower's annual business income

The figure measures incremental business revenue as a direct result of working capital provided by Amarththa. The increase is measured 12 months after loan disbursement.



Micro-enterprises advance to small-enterprise level

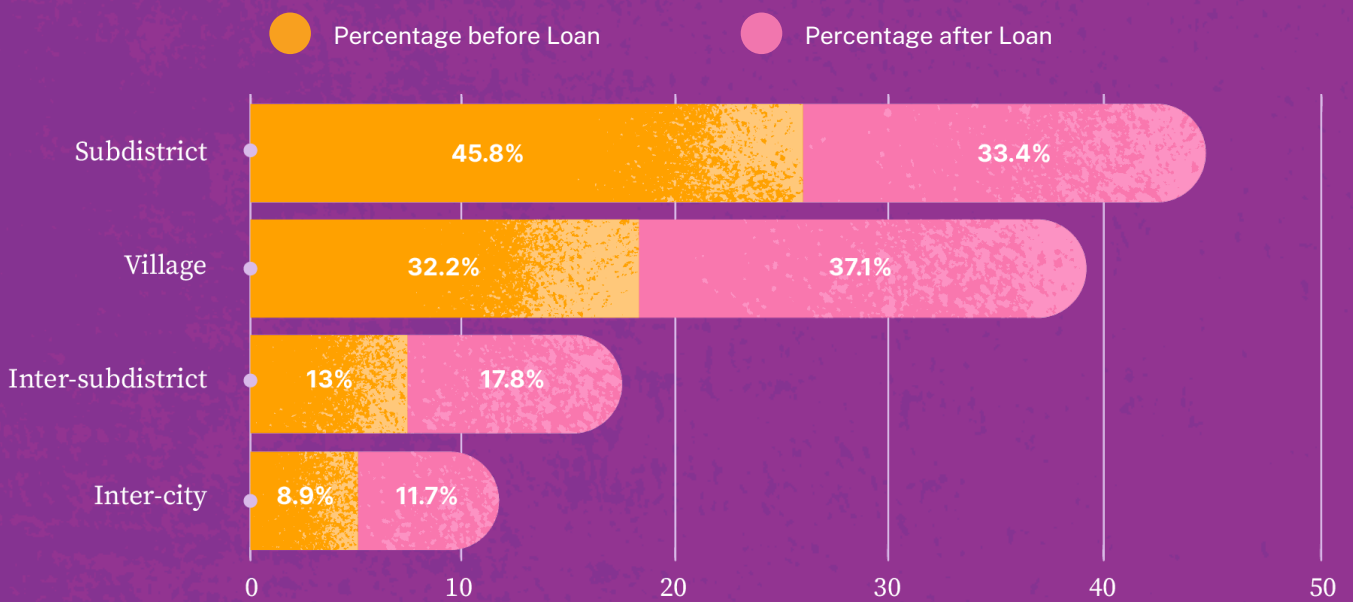
The small enterprises category includes those generating annual income of at least IDR 300 million, based on Indonesian Law No. 20 of 2008. Last year, 67,272, or 2.9% of Amarththa's ultra-micro borrowers, graduated into small enterprises (MESO level) as their annual business income passed the threshold.



The working capital loan from Amarthā allows our MSMEs to expand their businesses. After one year of obtaining support from Amarthā, many of the borrower's market share expands from village-only to inter-city. The change may occur due to the digitalization of businesses, which enables them to offer their goods and services to a larger market via online platforms.



Percentage Before Loan and Percentage After Loan



Well-being

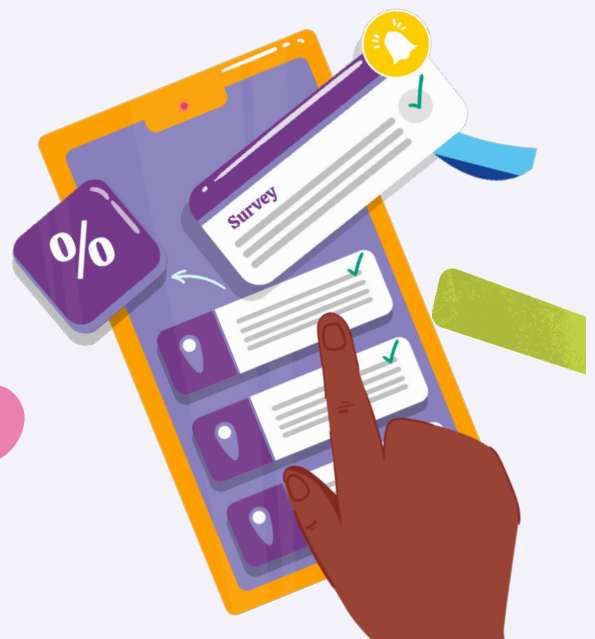
The well-being of customers is vital to Amarta's sustainability goals. In addition to monitoring the financial progress of our borrowers, we monitor their quality of life, which will ultimately lead them to acquire the resources necessary to achieve their life objectives.

Amartha periodically assesses the well-being of our borrowers using key performance indicators, such as the enhancement of their skills, knowledge, and other functions that demonstrate their progress toward empowerment.

These indicators are collected via our annual Borrower Well-being Survey, which assesses the level of empowerment of our borrowers in Indonesia, as represented by respondents from Java, Sulawesi, Sumatra, and Nusa Tenggara, where Amarta operates. According to the 2024 Well-being Survey, 93% of Amarta's borrowers can be classified as 'empowered' due to their engagement with Amarta.

The key wellbeing and empowerment metrics, as a result of the survey, include the following findings.

- 1 After joining Amarta, **90%** of our borrowers reported learning new skills relevant to their business activities and personal financial management.
- 2 **94%** of our borrowers attest that they have acquired new skills since joining Amarta, as they experiment with new activities due to expanded businesses.
- 3 **94%** of Amarta's borrowers reported having more customers after receiving the working capital loans.
- 4 After joining Amarta, **89%** of our borrowers acknowledged that they are now able to operate their smartphones more efficiently for business purposes, thanks to our training programs and digitalization initiatives.
- 5 After joining Amarta, **89%** of our borrowers reported that they have begun tracking their income and expenses.
- 6 After joining Amarta, **94%** of our borrowers have begun separating their business cashflow from their regular household cashflow.
- 7 **95%** of our borrowers acknowledged that they have expanded their businesses by adding new product lines and purchasing additional tools or working equipment.
- 8 After joining Amarta, **89%** of our borrowers reported an increase in their profits.
- 9 Since joining Amarta, **90%** of our borrowers have reported an increase in their total income, allowing them to save more money or acquire more assets.





Sustainable Digital Transformation

Realizing a gap between rural and urban areas regarding digital literacy and access, especially for women, Amartha embeds financial literacy education with digital literacy interventions.

For this purpose, Amartha has developed various initiatives to ensure that everyone can acquire digital capabilities, especially women-owned and women-led MSMEs in rural villages nationwide.



Several key activities to promote sustainable adoption of digital skills and products throughout 2022 include:

- 1 Launching of Afin apps for borrowers to familiarize rural MSMEs with digital platforms. Afin apps is a super apps for borrower in which they can pay the bills and monitor their repayment progress.
- 2 Development of appropriate digital financial products for rural communities, such as cashless disbursement, digital bill payment, including national insurance (BPJS), and phone credits, embedded into Afin apps.
- 3 Launching of AmarthaOne agent network, to enable cash-in cash-out (CICO) points in rural villages that support digitalization.
- 4 Financial management and digital literacy training for field officers, as part of training for trainers (ToT) programs. The field officers are the frontliners who help our borrowers adopt digital products.

As a result of those initiatives, rural villagers are now gradually transitioning into digital society and start using cashless products.

**43%**

Borrowers have bank accounts

We help our borrowers open a bank account with our banking partners to promote cashless transactions.

**967,937**

Borrowers using Amarthafin app

67% of our borrowers use the Amarthafin app for their daily financial needs, such as purchasing phone credit, paying electricity bills, and paying national insurance fees.

**49%**

Borrowers saving with non-bank institution

49% of our borrowers save their money with non-bank financial institutions, such as *koperasi*, religious groups, at home, and through *arisan*.

**54,046**

Numbers of AmarthaOne agents

Amartha has nearly doubled its network of agents compared to last year to facilitate digital transformation. By training and activating 54,046 of our borrowers as agents, we have enabled CICO services in rural areas across our operational area (Java, Sumatra, and Sulawesi).



“

Alhamdulillah, even though it's not much yet. The proceeds from cultivating strawberries have enabled me to purchase a motorcycle and a vehicle for the children to go to school. I am confident that this strawberry business can grow larger and will continue to attract many enthusiasts.

Ibu Cuminah, Strawberry Farmer



Job Creation

With the support of Amartha's working capital and interventions, our borrowers are starting to expand their businesses in the villages. As a result, they start hiring more people to help them operate their ventures.

In 2023, we recorded that more than 84 thousand borrowers started hiring their first employees. By creating jobs and economic opportunities in the villages, Amartha helps reduce the income gap between cities and villages and creates more decent work opportunities for the underprivileged in rural areas.

84,522

Borrowers hire their first employee

The number is equal to 4.97% of Amartha's active borrowers.



Women Empowerment

Amartha's mission includes promoting female leadership within the company and in the lives of our customers, particularly rural women entrepreneurs. By providing women with the opportunity to pursue a career, earn their own income, and develop personal assets, we help them improve their quality of living while also closing the gap between men and women as well as between urban and rural areas.

As part of our long-term mission to provide shared prosperity, Amartha is committed to empowering five

million women in rural areas with USD 2.3 billion in working capital by 2026. To date, we have empowered 1.7 million women with funds totaling USD 810 million.

Our Diversity & Inclusion Committee is chaired by the Independent President Commissioner and co-chaired by the CEO. The committee's roles include establishing, reviewing, and monitoring the company's initiatives and programs on diversity, inclusion, and gender equality issues.

Since the establishment of our Diversity & Inclusion Committee in the third quarter of 2022 and the approval of the official Diversity & Inclusion Charter by our Board of Directors, Board of Commissioners, and shareholders, we have maintained several programs designed to meet the objectives in our charter:

Our year long internal initiatives include the following:

- 1 Promote and encourage female leadership within the company.
- 2 Maintain constant adherence to a non-discrimination policy in hiring, promotion, and equal pay policy.
- 3 Provide and maintain a support system for mental health and whistleblowing systems.

As part of our endeavor in leading the initiative for women empowerment and inclusivity, we also voluntarily participate as signatories and members of various international organizations' initiatives.

- 1 Amartha is an IBCWE member and implements UN Women's WEP-based programs and regulations.
- 2 Amartha also participates in the IGNITE Women Networking and Mentorship Program to collaborate with other IBCWE members on the women's leadership and empowerment mentorship program.
- 3 Continue being the signatory of UN-GCN and perform the annual COP report to the UN.
- 4 Sign up as a new member of IFC SME Finance Forum (SMEFF).
- 5 Sign up as a new member of WWB Global Network.

Girls and Children Education

Life expectancy, standard of living, and education are the three most important comparative measures for assessing the quality of life. Poverty has far-reaching effects on girls and children and can lead to lifelong struggles, particularly when young people do not receive a complete education.

Poverty and education are inextricably linked since people living in poverty may cease attending school to work, leaving them without the literacy and numeracy skills necessary to advance their careers. Years later, their children, particularly the girls, are in a similar situation, with little income and few options other than to abandon school and work.

As part of our sustainability agenda, Amartha is committed to addressing the issue by launching the Amartha Cendekia Scholarship for female students in their final year of high school. The scholarship covers stipends of IDR 3 million per student and has been distributed quarterly since September 2023. The scholarship was offered to the daughters of Amartha's borrowers and relatives, Amartha team's family members, as well as the general public. The program finally selected **150 scholarship awardees out of 5,167 applicants**. In addition to the stipends, the selected awardees were given eight development classes in leadership, self-development, and personal coaching from Amartha's or other companies' senior leaders.



Disaster Relief

Amartha has contributed a total of IDR 102.35 million to disaster relief in 2023. The natural disasters that occurred near Amartha's operational areas affected 1,998 Amartha borrowers, including some employees.

As part of our program to mitigate the risk of natural disasters, Amartha aligns its environmental conservation initiatives, such as mangrove preservation, to mitigate the harm caused by rising seawater and flooding in our operational areas. In addition, conservation helps strengthen the coastal wetland's resistance to abrasion and tsunami risk.



Governance

Diversity and Inclusion

Amartha emphasizes the value of diversity and inclusiveness. The company's regulations prohibit discrimination based on gender, ethnicity, religion, and other non-skill-related factors at all stages of the hiring and promotion processes. Last year, Amarthā also established a Diversity and Inclusion Committee that will monitor and evaluate the implementation of related programs.

At Amarthā, we assure all employees equal opportunity to grow and develop optimally without racial, ethnic, religious, or gender discrimination. Amarthā's employment policies refers to the eighth point of the SDGs, Economic Growth and Decent Work, which outlines "promote sustained, inclusive, and sustainable economic growth, and productive employment and decent work for all."

As part of our commitment to empowering female leadership, this year, Amarthā successfully conducted a special training session for female employees called FLASH Sharing Session "Dare to Speak Up and Ready to Achieve Higher" (Jadi Perempuan Pede dan Jago Bicara). We also reactivated the Amarthā Women Support Community (AWESOME) community. In addition, to increase employee engagement and inclusivity, Amarthā conducted an event to celebrate Mother's Day and a collaboration event with IBCWE to celebrate Father's Day.

Amarthā is committed to supporting diversity and inclusion, ensuring that all employees feel safe and valued in the workplace. We have implemented a grievance mechanism to address any concerns or issues that may arise, providing a secure and confidential way for employees to voice their concerns. For the 2023 reporting year, we are pleased to report that there have been no complaints regarding discrimination in the workplace, both at our Head Office (HO) and Field Offices (FO).



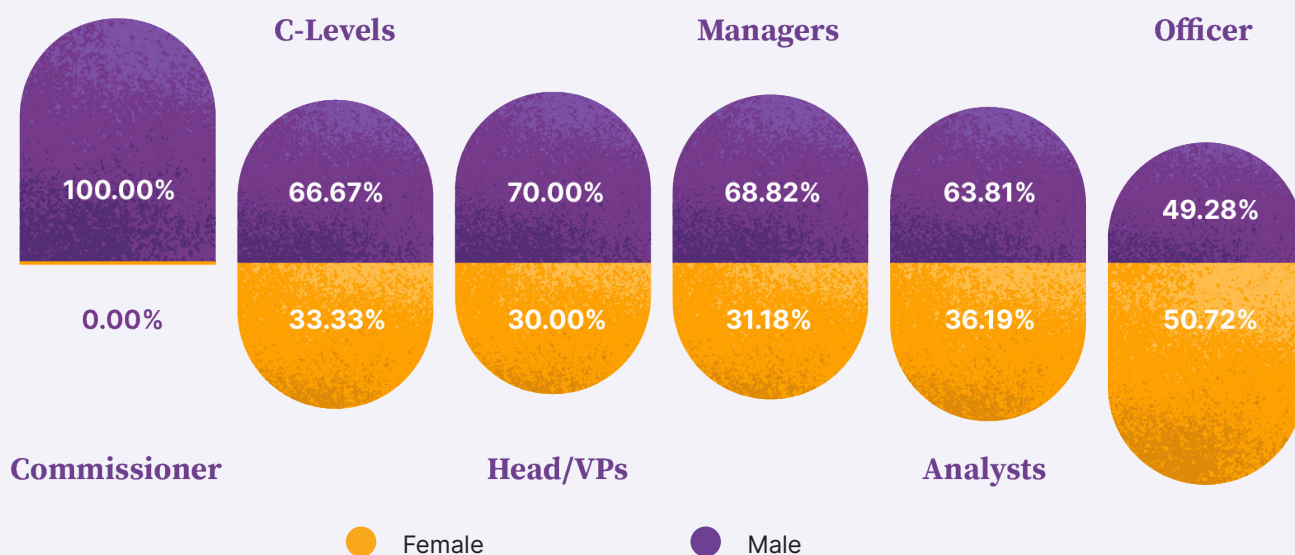


Employee Composition

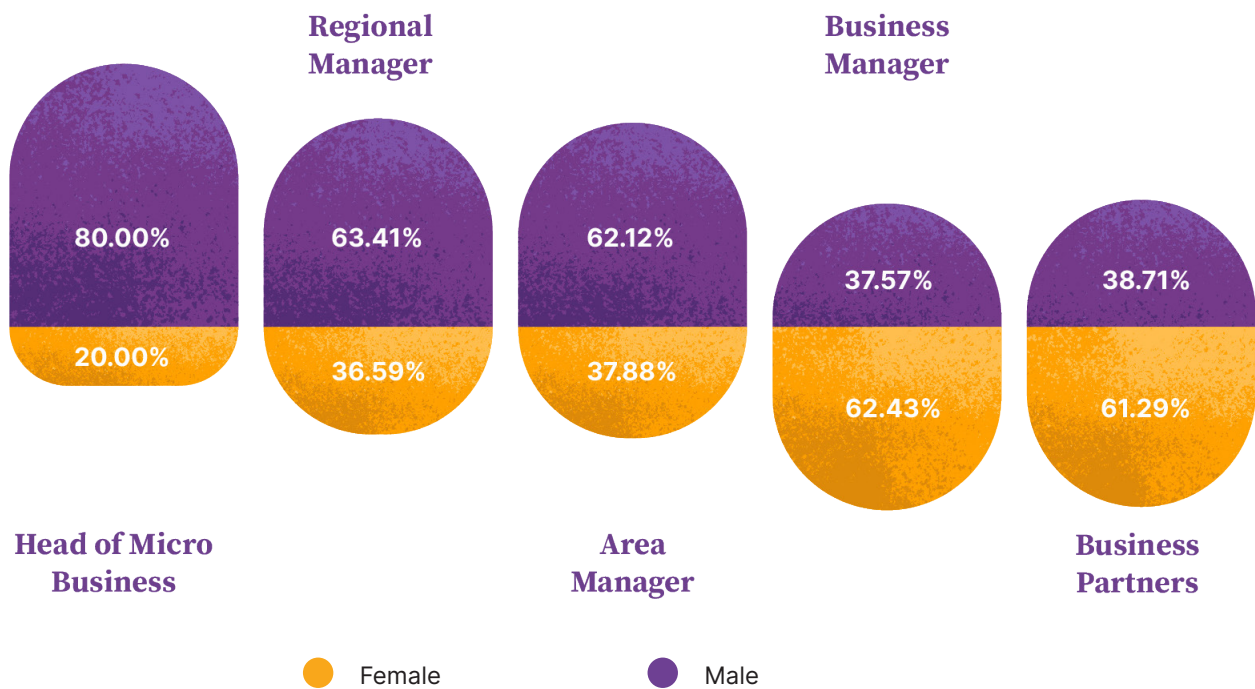
Employee Composition Based On Gender



Employee Composition Based on Level (Head Office)



Employee Composition Based on Level (Field Office Level)



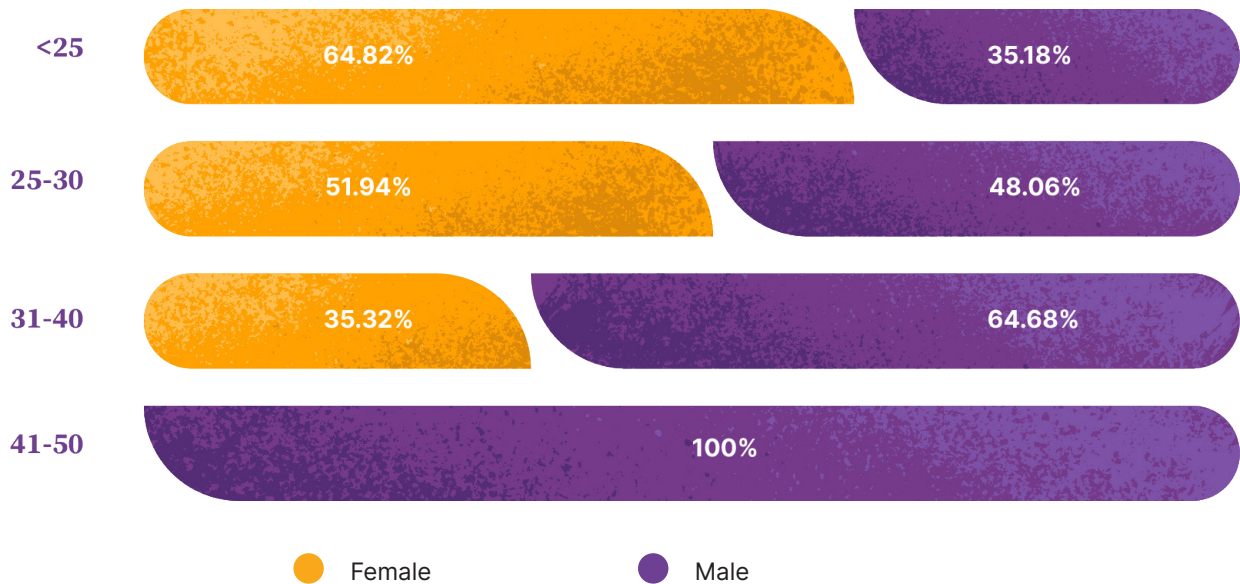
Amartha's personnel consist of 58.93% male and 41.07% female. Almost 93% of our workforce are field officers located throughout Indonesia. As our way of encouraging job creation in the villages, we recruit our field staff locally. To continually promote female leadership, In 2023, Amartha appointed one more female leader, 28 female analysts in the Head Office, and 191 more female business managers in the field office.



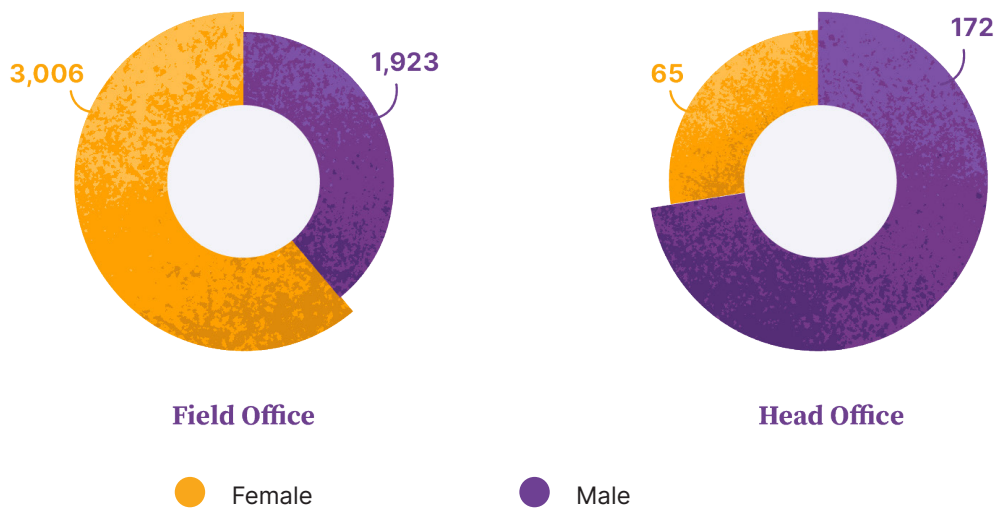


Employment

New Employees Hires Based on Age

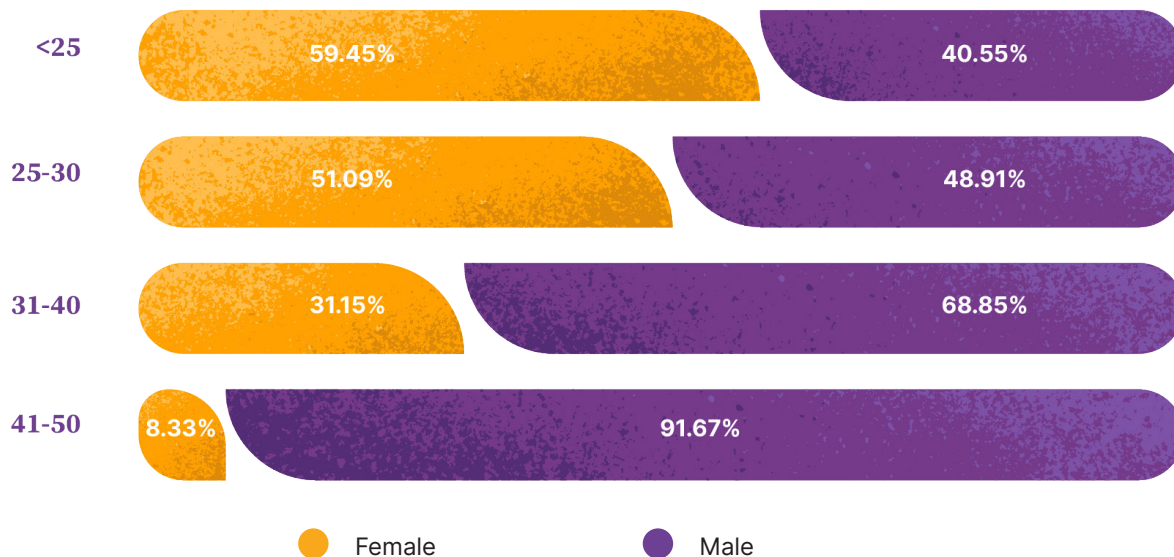


New Employee Hires Based on Region

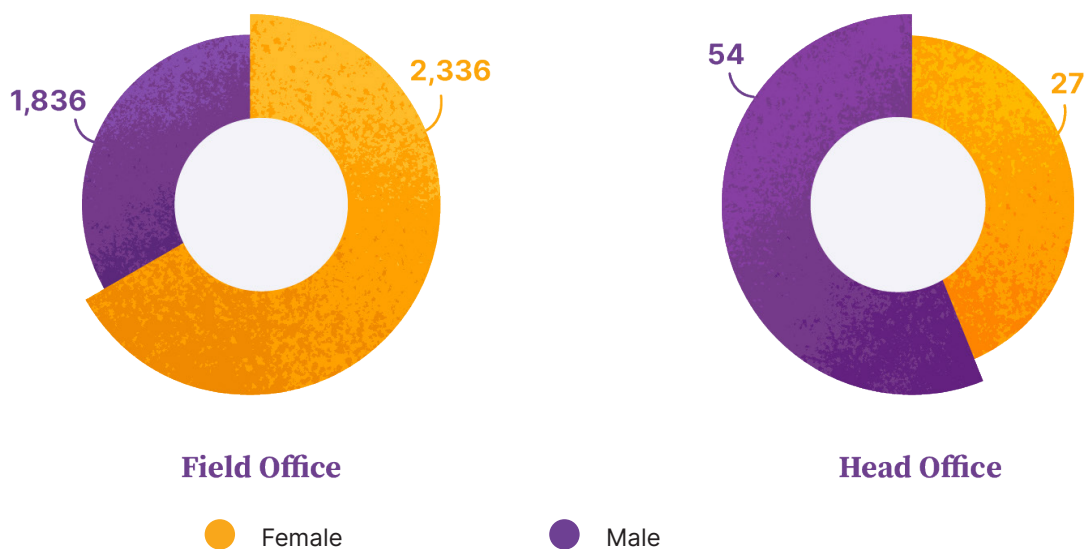


Based on the data presented above, throughout 2023, Amarthas has hired 5,156 personnel for head office and field office, of which approximately 59% are female. This year, most of our hired employees are under 25 years old, and females outnumber males.

Employees Turnover Based on Age Group



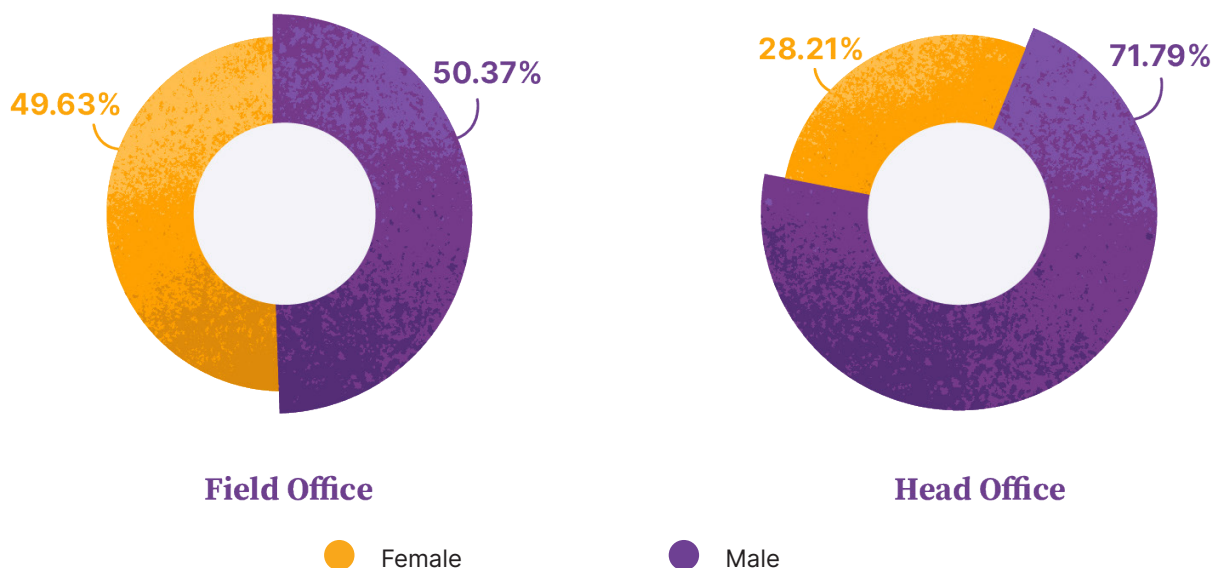
Employees Turnover Based on Region



According to the data presented above, the highest turnover percentage in 2023 occurred among those under 25 years old, particularly among women (59.45%).



Parental Leave, Well-being, and Flexible Benefits



Parental leaves are one of the benefits Amarththa offers. In line with NIH research¹, parental leaves promote gender equality and have an impact for father wellbeing. In Amarththa, men and women are eligible for parental leave, while women are eligible for three months of paid leave and six weeks of additional flexible working hours. In 2023, there were 311 employees, consisting of 146 (or 47%) women and 165 (or 53%) men, taking parental leave. The data suggest that more men took more parental leaves as part of our “Lelaki Turut Serta” community project or the “He for She” campaign, where we encourage men to participate in supporting women in their families and the workplace.

Amarththa provides flexible benefits to enhance the well-being of its employees, such as financial and insurance coverage, as well as dental benefits, for staff and their families.



The program includes company-sponsored recreational and athletic activities. In addition, to increase employee engagement, there are a variety of activities based on the employee's interests, such as sports, arts, and mindfulness activities. The company also offers free counseling sessions with licensed psychologists and psychiatric specialists to promote mental health.

¹Current parental leave entitlement and workplace cultures have failed to support fathers in navigating the complexity of fatherhood, which has an impact on fathers' wellbeing. The findings demonstrate that the influence of gendered norms and hegemonic masculinity perceptions are ingrained in the current leave entitlement and workplace cultures. (Paternal Leave Entitlement and Workplace Culture: A Key Challenge to Paternal Mental Health by Ernestine Gheyoh Ndzi and Amy Holmes ; International Journal Environmental Research and Public Health; 2023)

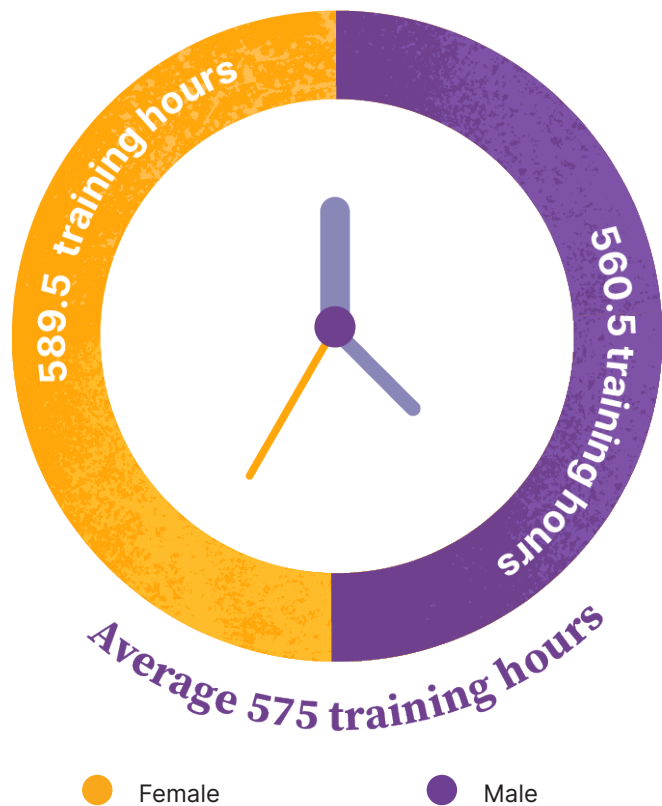
Employee Training and Leadership

Amartha believes training and leadership development can foster a better working environment.

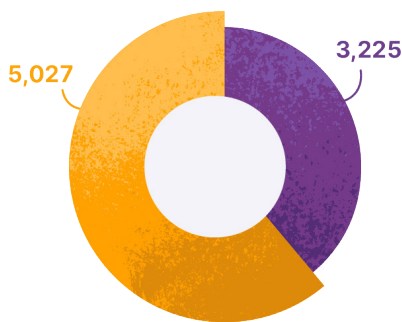
Therefore, Amartha develops a dedicated learning team under Amartha Academy which is available for all employee levels crystallized through a robust digital learning platform, Amarthapedia, educating more than seven thousand of our employees to support individual development. This platform is accessible to every employee at any time, providing a selection of online classes, along with attendance records and assessments.

To encourage learning habits among all employees and improve communication within the team, Amartha also runs employee-run sharing sessions, both formal through FLASH (Friday Learning and Sharing) sessions as well as through Coffee Time with C-levels and Leaders.

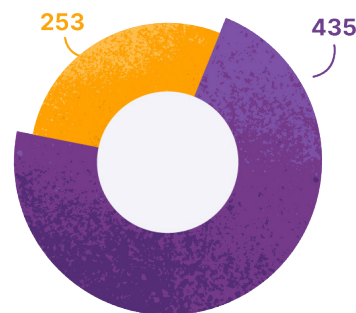
Total Average Training Hours 2022



Total Training Based on Gender



Field Office



Head Office

The following table outlines our training schedule for 2023. We offer training that every employee, regardless of region, can attend. We also provide exclusive training for headquarters or field office employees, depending on the unique job requirements. Throughout 2023, Amartha has held 85 training programs. The number has increased since 2022, when Amartha only held 31 training programs.

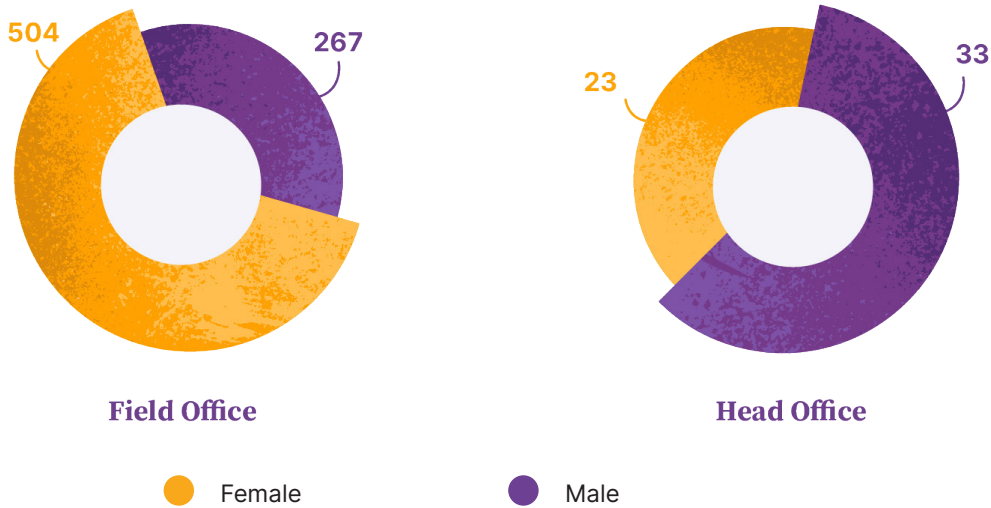
One of the most frequently carried out training is the Business Manager Development Program for field office employees. FLASH training is also frequently held at the headquarters and field office, with most lecturers coming from Amartha. This training is held every Friday and focuses on skill enhancement.



Number of Batches Training Programs to Upgrade Employee Skills in 2023



Employees Promotions in 2023



In 2023, 827 field office and headquarters employees received career promotions, consisting of 527 (or 64%) females and 300 (or 36%) males. In other words, in total, female employees are promoted more frequently than male, with 504 (or 65.37%) female field officers and 23 (or 41.07%) female headquarters employees receiving promotions and career reviews.

Customer Data Privacy & Protection

As a financial institution, collecting our customers' private information is essential to meet our product requirements. Therefore, it is imperative that Amartha ensures consumer information is never leaked or misused.

We comply with the ISO27001 standard and POJK 10/2022 to mitigate customer data privacy risks. During the reporting period, two incidents involving lenders' data security breaches happened. The two incidents were resolved completely. We have issued an official statement and a settlement has been given to our borrowers. Furthermore, we continuously develop our system to mitigate similar data breaches occurring in the future.



Anti-Fraud

As a financial institution, we are aware that employee fraud is one of the most significant hazards associated with our line of work. We need to prevent and mitigate fraudulent activities in our organization. Fraud can occur both in the headquarters or the field offices, as a result, we have developed programs to mitigate these risks.

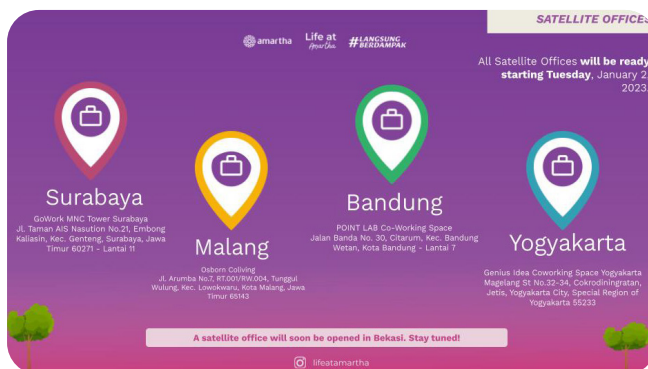


We have implemented anti-fraud initiatives into our SOP and use existing fraud prevention tools such as digital signatures, contactless disbursement, OCR biometrics, and telecaller teams. Within our organization, we have established a Fraud Control Unit team dedicated to detecting and solving fraud cases, as well as leading dissemination for anti-fraud initiatives within the organization which is monitored by Senior Management and led by a senior team member. In total, we have conducted 11 disseminations throughout 2023.

Social Dialogue

Amartha launched a social dialogue initiative named “Ngopi Brader” in 2022 to foster better communication between C-level executives and all field and head office employees.

The program aims to encourage and maintain positive relationships between leaders and their staff. In 2023, Amartha’s People and Culture Division re-named this initiative “A-Chat with Leaders,” conducted with all male and female C-Levels. The core of this program is still similar, which allows staff-level employees to discuss with all C-Levels to promote constructive feedback mechanisms across functions and structural levels freely and casually.



Work Flexibility

During 2023, we have implemented a policy for our Head Office requiring employees to work from the office.

To help our employees implement this policy efficiently, Amartha has established a few satellite offices in different cities, such as Bandung, Yogyakarta, Surabaya, and Bekasi. Amartha also has a policy for employees who are parents that allows them to work from anywhere (WFA) from time to time, with several exceptions.

Grievance Mechanism

In 2023, Amartha established a grievance system to ensure that all employees, both at the Head Office (HO) and Field Offices (FO), feel safe and supported when discussing work-related issues.

Our employees can easily reach out to our People Care team through various channels, including email and WhatsApp, providing them with a secure and confidential platform to voice their concerns and seek assistance. This system is directly handled by our PnC (People and Care) division.



Part 3

Way Forward





Way Forward

Since the day Amartha was founded, our mission has remained the same: to create shared prosperity in Indonesia. Through a sustainability approach, we believe that our business practices will become more ethical, transparent, and firmly anchored in the hearts of our customers as their preferred digital financial services that share the same vision of prosperity.

The first full-scale implementation of our ESG initiatives occurred in 2022. Although we began with an incremental improvement, our ambitions are high: reducing our indirect carbon emissions by 30% by 2030, developing a green financing initiative that contributes to carbon offsetting, and supporting customers who wish to transition their businesses to renewable energy resources. Along with these planned initiatives, we also celebrate our past achievements, such as those in employee occupational health and safety, well-being, diversity, and inclusion, which have resulted in the highest level of team engagement levels thus far. We have faith that investing in a diverse team will propel the organization toward its impact-driven objectives. More diversity means more innovative solutions to create meaningful impact together.

Amartha is always there for customers during the most challenging times to help our rural MSMEs recover from pandemics. In two consecutive years, income and employment creation in the villages have increased, indicating that the economic recovery in the grassroots level has begun.

All of our accomplishments are the result of a shared future that we envision together with our stakeholders. Amartha is what it is today due to the leadership of our CEO, the steadfast support of our shareholders and Board Members, women entrepreneurs, the A-Team members across Indonesia, our institutional and retail lenders, non-governmental partners in Indonesia and worldwide, our supportive regulators, and all other stakeholders.

This report is dedicated to those who have faith in us, our vision, and our efforts to create shared prosperity for all Indonesians.



Aria Widyanto
Chief Risk and Sustainability Officer

Appendix

Economic Disclosure					
No	Materiality	Framework & Standards alignment	SDGs alignment	Section	Page
1	Direct economic value generated and distributed	GRI 201	SDG 1 & 8	Economic Performance	21
2	Significant indirect economic impact	GRI 203, ISO 26000 (6.3.9 ; 6.8.7; 6.8.9)	SDG 8	Mangrove, Desa Digital	40
Environmental Disclosure					
3	Energy consumption within the organization (electricity)	GRI 302 ; ISO 26000	SDG 7	Carbon Emissions	43
4	Energy consumption outside the organization				43
5	Reduction of energy consumption				43
6	Water consumption	GRI 303; ISO 26000 (6.5.4); Sustainalytics MEI.20.SC	SDG 6	Water Consumption	45
7	Direct GHG emissions	GRI 305, ISO 26000 (6.5.5); Amartha; MSCI: Carbon Emissions; Sustainalytics MEI.8	SDG 13	Carbon Emissions	43
8	Reduction of GHG emissions				44



9	Waste generated	GRI 306; ISO 26000 (6.5.3, 6.5.4); Amartha; MSCI: Financing Environmental Impact; Sustainalytics MEI.7	SDG 12	Waste	42
10	Waste diverted from disposal				
11	Protection of the environment, biodiversity, and restoration of natural habitats	ISO 26000 (6.5.6); Sustainalytics MEI.14	SDG 17	Mangrove	40
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12	Women Empowerment	Amartha; WEP 7; Sustainalytics MEI.13	SDG 5	Women Empowerment	54
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13	Human rights reviews or impact assessments	GRI 412; ISO 26000 (6.6.6); Sustainalytics MEI.12	SDG 3 & 5	Human Right Protection	24
14	Employee training on human rights				00
15	Civil and political rights	ISO 26000 (6.3.8); Sustainalytics MEI.12		Ethical Lending	37
Community, User Management, and Waste					
16	Education and culture	ISO 26000 (6.8.4); Amartha; Sustainalytics MEI.5	SDG 4	Girls' and Children's Education	55
17	Operations with local community engagement, impact assessments, and development programs	GRI 413; ISO 26000 (6.3.9, 6.8.3); Amartha; Sustainalytics MEI.5	SDG 11 & 13	Mangrove, Desa Digital	40

18	Operations with significant actual and potential negative impacts on local communities	GRI 413; ISO 26000 (6.3.9, 6.6.6); Sustainalytics MEI.5	SDG 11	Diversity and Inclusion	56
19	Social investment	ISO 26000 (6.8.9); Sustainalytics MEI 1, MEI.5	SDG 11	Scholarship	55
20	Technology and development access	ISO 26000 (6.8.6)	SDG 17	About Amartha	14
21	Formal provisions to avoid gender-based harassment and discrimination, sexual harassment and bullying, domestic and family violence	IFC E&S (12); WEP 6; Sustainalytics MEI.13	SDG 5, SDG 8	Women Empowerment	54
22	Formal provisions to support gender equality	WEP 1; Sustainalytics MEI.13	SDG 5		54
23	Gender equality training	WEP 10; Sustainalytics MEI.13	SDG 5		54
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24	Customer privacy	GRI 418	SDG 16	Customer data protection	29
25	Diverse employment	WEP 8; Sustainalytics MEI.13	SDG 8	Diversity and Inclusion	56
26	Operations with local community engagement, impact assessments, and development programs	GRI 413; ISO 26000 (6.3.9, 6.8.3); Amartha; Sustainalytics MEI.5	SDG 11 & 13	Mangrove, Desa Digital	40
27	Benefits provided to full-time employees		SDG 8	Employment	24



28	Defined benefit plan obligations and other retirement plans	GRI 201; Sustainalytics MEI.13	SDG 8	Diversity and Inclusion	56
29	Parental leave and facilities	GRI 401; ISO 26000 (6.4.3, 6.4.4, 6.8.7, 6.4.4); WEP 4, 5; Sustainalytics MEI.13	SDG 5 & 8	Employment	59
30	Work flexibility		SDG 8	WFA statement	00
31	Social dialogue (employees and organization)		SDG 8, 11 & 16	Social Dialogue	65
32	Worker feedback and recourse	IFC E&S (13); Sustainalytics MEI.13	SDG 8	Anti-Fraud	64
33	Anti-Corruption	GRI 205	SDG 16		64
34	Training and Education	GRI 404; ISO 26000 (6.4.7, 6.8.5); WEP 9; MSCI: Human Capital Development; Sustainalytics MEI.13	SDG 4 & 8	Employee Training	62



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