

# GRATIFICATION CONTROL POLICY

Gratification Control is an important aspect to preserving business activities in line with Business Ethics, which highlights the significance of Integrity. The Company enforces Gratification Control policies aimed at developing the principles of GCG values and instilling the importance of Integrity with all employees, so that business activities are constantly founded on Ethics and Responsibility. Gratuity Control is likewise compulsory so that the business interests are well maintained ethically and do not conflict with the provisions regarding the prohibition of Gratification.

The Company emphasizes the point that its personnel do not give or accept any gift or reward from Customers, Debtors, Vendors, Partners, and other Third-Parties regarding the service provided by the Employees in performing their duties, especially gifts or rewards that may create a Conflict of Interest. This is usually experiences its peak in the days leading up to Religious Holidays (Eid Mubarak, Christmas/New Year). The Company always makes an announcement in a widely distributed national newspaper, stating that the Board of Commissioners, the Board of Directors, and the Employees of Company are fully committed to declining the receipt of and/or requesting any gifts or presents in any form either from or to our customers, debtors, partners/vendors, and other related third-parties.

The Company also persuade all customers, debtors, partners / vendors / work partners and other parties who have or intend to conduct business relations with the Company to support this commitment by not giving gifts or gifts of any kind, whether directly or indirectly directly. The Company also notifies the company through written letters to each customer, debtor, vendor, partner, business partner and other third parties who conduct business relations with the Company.

## GRATIFICATION CONTROL

The Company has established policies that guide the implementation of the Company's Gratification Control through the Board of Directors' Circular Letter No. 68/DIR/CMPD/2017 dated December 11, 2017 concerning the Guidelines for Gratification Control as an initiative in supporting Gratification Control. The Circular Letter regulates a number of things including the following:

1. General Provisions for Gratification;
2. Basic Principles of Gratification Control;
3. Gratification Category;
4. Manager of Gratification Control;
5. Gratification Reporting Mechanism;
6. Implementation of Gratification Control.

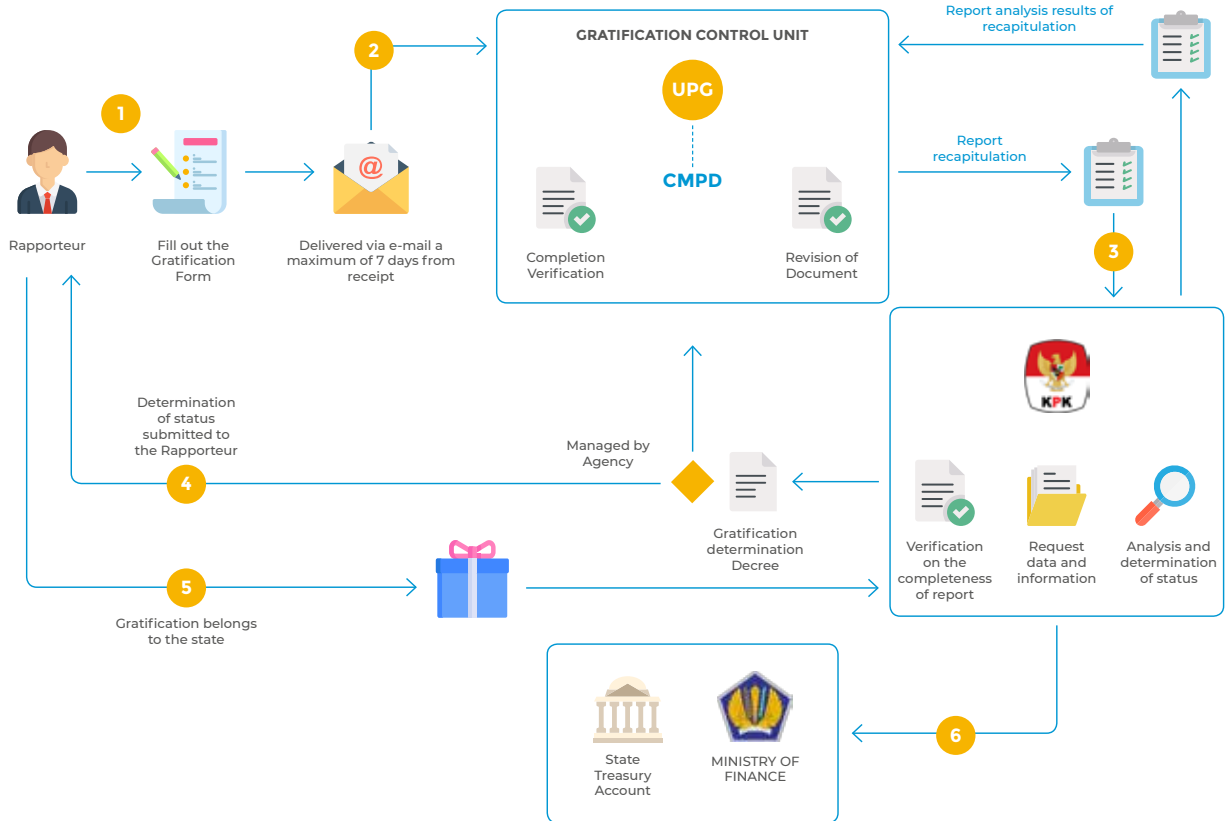
In supporting the efforts to eradicate corruption, the Company actively participates in activities coordinated by the Corruption Eradication Commission including the following:

- a. Attending workshops with the KPK and KLOP (Ministries, Institutions, Organizations and Government);
- b. Attending the National Gratification Control Unit Coordination Meeting held in Bogor on 12-15 November 2018.
- c. Participating in the 2018 World Anti-Corruption Day Festival held in Jakarta on December 4-5, 2018. In the event the Company was named the State-Owned Enterprise with the Best Gratuity Control System in 2018.



## GRATIFICATION REPORTING MECHANISM

The Company has in place a Gratuity Reporting Mechanism as detailed in the following flowchart:



Description of the Gratification Reporting Mechanism:

1. Employees report the receipt of Gratification to the Corruption Eradication Commission (KPK) through the UPG (d. CMPD) by filling out forms prior to 7 working days from the date the Gratuity was received, Gratuities received by the Reporting Entity are to be kept by the Reporting Party until a Decree from the KPK regarding the ownership status of the intended Gratification.
2. Submission of the form is sent via UPG e-mail address: upq.btn@btn.co.id

The form used in this Circular Letter is adjusted to the type of gratuity received, with the following explanation:

- a. Use form 1, if gratuities are in the form of cash and include bribery Gratuities;
- b. Use form 2, if gratuities are obtained from official activities with values above the limits of gratification as stipulated in item 6.1 of this Circular Letter;
- c. Use form 3, if the gratification is in the form of food/drinks/parcels in order to welcome the holiday season. But if the gratuities obtained in the framework of the holiday season are provided in the form of money/vouchers/goods then continue to use the form 1.

Other aspects that must also be considered in completing the data on the form is the inclusion of Work Units, positions, detailed descriptions regarding the chronology/events of the Gratification referred to as well as any contact telephone numbers and e-mail addresses provided the process of clarifying reports by the UPG and KPK.

3. The UPG continues the Gratuity report to the KPK within 14 working days after the Gratification report was received by the UPG. Then the KPK handles the Gratification report which includes (1) verification of the comprehensiveness of the Gratification report; (2) request for additional data and information from the related parties; (3) analysis of the receipt of Gratification; and (4) the determination of the ownership status of the Gratuities. The process implemented through the Corruption Eradication Commission to determine the status regarding the receipt of Gratification reports are within 30 working days after the Gratification report was received by the KPK in full.
4. The KPK issues a Decree regarding the status of the receipt of the Gratification to the recipient/reporter of the Gratuities and copies it to the UPG no later than 7 working days from the date the decree is stipulated. In the event that the ownership status of the Gratuity is determined to be managed by the agency, the Gratification is submitted by the Bank to the UPG for management.
5. In the event that the Corruption Eradication Commission determines the Gratuities as state property, the Reporting/Recipient renders the Gratuities received to the Corruption Eradication Commission no later than 7 working days from the date the decree was issued. Proof of the rendering to the KPK is to be submitted to UPG,
6. In the case of Gratuities in the form of cash, then the KPK will deposit the cash that has been rendered by the reporter to the account of the State Treasury and then submits the evidence of its deposit to the Reporting Party. Whereas if the Gratuity rendered is in the form of goods, the KPK will submit it to the Directorate General of State Assets and submit the evidence of submission to the Reporting Party.

## GRATUITY CONTROL POLICY IMPLEMENTATION

### Integrity Pact

The Company has in place an "Integrity Pact" program, which is a unified statement from all levels of the Company committing to uphold Morals and Integrity, to Protect and Maintain Reputation, Credibility and the best Interests of the Company by not demanding or receiving Gratuities from parties possessing a Conflict of Interest. The "Integrity Pact" must always be upheld to the highest level, in order to support the Gratification Control activities.

### Gratification Control Awareness Program

On an ongoing basis, in 2018 the Company re-implements the Gratification Control Awareness program as a continuation of the implementation of Gratification policies and Anti-Corruption efforts through several activities, which include the following:

1. The use of a PIN stating "Refuse Gratuity" is attached to attire worn by all the Company's employees;
2. Dissemination of the Gratification Control Program through Anti-Fraud activities to all the Company's employees at the Head Office and the Branch Offices;
3. The issuance of a Pocket Book for the Gratification Control Program;
4. The refinement of internal regulations regarding the Company's Gratuity Control Efforts, which are in accordance with the recommendations of the Corruption Eradication Commission (KPK);
5. Completion of the Compliance quiz by all employees of the Company, which includes quizzes regarding Gratification Control;
6. Announcements in national newspapers regarding the Company's Gratuity Control Program; and
7. Statement of Declaration regarding the commitment of the Company to the pursuit of zero corruption in the Head Office and Branch Offices with the Stakeholders and Partners.
8. Preparation of the Micro Learning Gratification Control Program conducted through Smartshare media that can be conveniently accessed by all employees of the Company.



The Company was awarded the recognition of being a State-Owned Enterprise/Regional Owned Enterprise with the Best Gratuity Control System for 2018. The criteria for evaluation included the completeness of the Gratification Control System tools including the commitments, rules and the Gratuity Control Unit (UPG); Continued innovation of the internal and external socialization, the reporting processes and management quality; quantity of reports concerning Gratuities and the quality of reports, with the following explanation:

#### a. Commitment.

The Board of Directors and Board of Commissioners have fully committed to prohibit all forms of Criminal Acts of Corruption through the signing of the "Integrity Pact" signed by the Board of Directors and the Board of Commissioners

#### b. Regulations.

Bank BTN has enforced all regulations regarding the Implementation Guidelines for Gratification Control through the Board of Directors' Circular Letter No. 68/DIR/CMPD/2017 dated December 11, 2017.

#### c. Gratification Control Unit (UPG)

Bank BTN established the UPG, which comes under the supervision of the Compliance and Governance Division (CMPD), more specifically the Corporate Governance Department. The duties and responsibilities of the UPG includes the dissemination of policies and guidelines across all Work Units and levels of the Bank's organization; receiving and processing Gratuity reports from the Bank's Management and Employees; reviewing Gratification reports and providing the recommendation for the report to be processed by the Gratification Manager or by the KPK and the submission of all Gratification reports received to the KPK.

#### d. Innovation

In 2018, Bank BTN initiated several awareness programs concerning Gratification Control including the concept of Micro-Learning in 5 videos concerning Gratification Control, which can be conveniently accessed by all employees through the Smartshare Knowledge Management System media channel. In addition, the Company has likewise organized prize quizzes associated with Gratification Control that

are required to be attended by all employees of the Head Office and Branch Offices. Whereas externally it is executed through the publication of information through several leading newspapers regarding the policies of the prohibition of Gratification with Bank BTN employees.

#### e. Quality Management

Gratification Control in the Bank BTN work environment is exercised through effective Monitoring and Evaluation by the KPK conducted annually. The KPK has ensured that the Control of Gratuities was implemented consistently including the assessment of innovation and the quantity and quality of reporting Gratuities in the Bank BTN work environment.

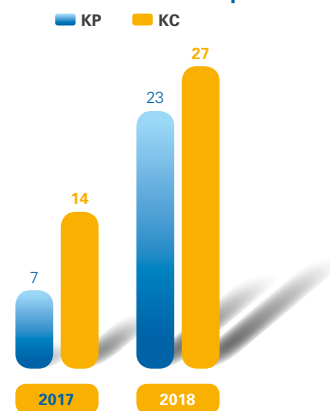
#### f. Quantity and Quality of Reports

Quantitatively, the total number of reports of Gratuities received by UPG throughout 2018 were 50 reports. This marked an increased when compared to the previous year with only 21 reports. Whereas in terms of the quality of reports there was an increase in the level of awareness of reporters, which came from various ages, levels, and positions within the Company.

### REPORT REGARDING THE ACCEPTANCE OF GRATIFICATION

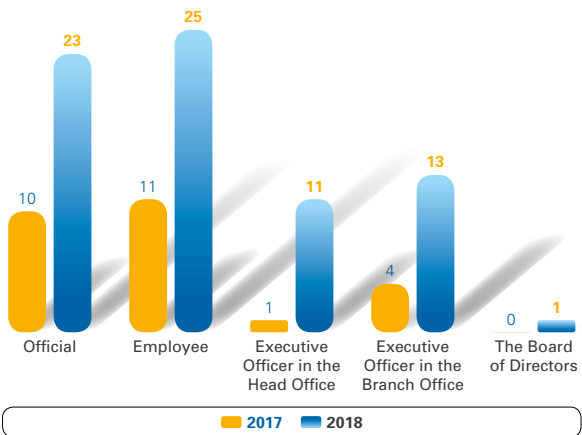
Throughout 2018, there were 50 reports of Gratuities received from the Head Office and Branch Offices, which consisted of reports concerning Bribery, Official Gratification, and Gratuity of Parcels in the lead up to Religious Holidays.

Work Unit Gratification Report



# GRATIFICATION CONTROL POLICY

## Gratification Report based on of Reporter's Position



## Gratification Report on the basis of the Type of Gratification



## Gratification Report on the basis of Ownership Status

