

# RESPONSIBILITY TO LABOR, HEALTH, AND SAFETY



**T**he Company places Labor, Occupational Health and Safety (K3) practices as important elements in sustaining operations that can promote productivity and improve quality of life, both for employees and all stakeholders. Hence, the Company provides a safe working environment and a harmonious working relationship between management and all employees as the main foundation and prerequisite in achieving the vision, mission, and goals of the sustainable Bank Business Plan (RBB).

## EMPLOYMENT SECTOR

### Policies

The Company is committed to promoting sound and conducive industrial relations between the Company and employees, and ensures that all employees obtain the same rights in employment. This commitment is stated in the Company's policy on the Regulation of Board of Directors No. 29/DIR/CMO/2011 concerning the Human Capital Management Policy Guidelines (PKMHC), PT Bank Tabungan Negara (Persero) Tbk. In addition, the Company also adheres to labor policies that refer to Law Number 13 of 2003 regarding Manpower. This is to warrant compliance with



applicable laws and minimize the risk of human rights violations in employment relations. The Company also heeds, and commits to, gender equality and employment opportunities, job training to improve employee professionalism and the appropriate remuneration system.

### Activities Target

The Company sets targets for CSR planning in employment in accordance with the Company's direction and strategy under HR management. These targets include educating and training employees to enhance the competency of HR (People Transformation) in the context of digital banking transformation, fulfillment of employee welfare, treatment of equality, and creating harmonious industrial relations. The overall target, in line with the business transformation plan, is to reinforce the human resources sector by intensifying and enhancing HR capabilities as agents of transformation.

### Employment Activities

In 2018, the Company conducted activities in employment as follows:

#### 1. Employee Welfare

The Company conducts an employee welfare program through a number of measures including: increasing employee benefits, bonuses, raising job grades, promotions and awards to outstanding employees. The remuneration and benefits provided to permanent employees are basic salary, Religious Holiday allowance, leave money,

clothing, allowances (for position, housing, vehicles, expertise, fuel, location, tax), performance bonuses, housing loans, pensions, social security, periodic health care costs, medical assistance, and relief money.

In 2018, the Company budgeted for an employee welfare fund of Rp2,876.56 billion, up by 12.61% compared to 2017, which amounted to Rp2,554.43 million.

#### 2. Employee Remuneration

The Company constantly attends to the welfare of all employees, maintaining a mutual synergy in order to create high work productivity. Remuneration is given to employees based on merit systems by prioritizing employees, performance, competence and integrity in the form of basic salaries, allowance and other benefits in accordance with Company regulations and applicable legislation. The Company remuneration system complies with the prevailing minimum labor wage provisions in Indonesia and adheres to the International Labor Organization (ILO) convention on Equal Remuneration, where the salaries of new employees are above the minimum regional wage standards applicable where the Company operates. Moreover, the Company constantly strives to maintain an appropriate salary gap ratio for all employees to circumvent too large a difference.

**Table: Highest and Lowest Salary Ratio 2018**

Description	Ratio
Highest and lowest employee salary	35.4:1
Highest and lowest Directors salary	1.1: 1
highest and lowest Commissioner salary	1.1: 1
Highest Board of Directors and Highest Employees' Salaries	2.59: 1

#### 3. Equal Opportunities in Education and Training

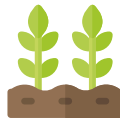
On a recurrent basis, the Company organizes education and training to strengthen business operations in line with the needs and development of the banking industry. The Company provides equal opportunities to all employees in developing their potential through education and training as stated in the Board of Directors Decision No. 04/KD/SIPD/2017, dated May 29, 2017. Employee participation contributes significantly to the achievement of the Company's business performance.

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The structures of education and training that have been applied are divided into three groups, i.e. School of Leadership, School of Operations, and School of Business. In 2018, the Learning Center attained 116.88% of its target based on batch targets and participants through the 3 (three) schools that conduct training for employees, which are:

- **School of Leadership**  
Providing training aimed at shaping leadership attitudes at the Company Leader level. This program consists of ODP (Officer Development Program), MDP (Management Development Program), SDP (Supervisor Development Program), overseas and domestic Master Degree Scholarship Programs, SESPIBANK (School of Staff and Bank Leaders) Board of Commissioners and Board of Directors, EDP (Executive Development Program) abroad for Division Heads, and other leadership programs.
- **School of Operation Banking**  
Training that aims to improve the Company's supporting skills or competencies which buoy up the Company's business. This training consists of Faculty of Audit, Faculty of Compliance, Faculty of Corporate Affairs, Faculty of Human Capital, Faculty of Information Technology, Faculty of Legal, Faculty of Management System, Faculty of Risk, Faculty of Risk, Finance & Accounting, Operational Banking, and others.
- **School of Business Banking**  
Training that aims to deliver expertise and competency that focuses on business and management development consisting of Collection & Asset Management, Commercial Funding, Retail Funding & Services, Commercial Lending, Consumer Lending, Digital Banking, Islamic Financing, Service Quality, Sharia Funding and others, Treasury, Wealth Management, and others.

Type of Activities	Number of Participants	
	2018	2017
<b>School Of Business</b>		
• Loan Academy	10,153	13,295
• Sales Academy		
• Wealth Management Series		
• Collection Series		
• Asset Management Series		
• Service Series		
• Sharia Series		
• Financing Academy		
<b>School of Operational Banking Training Program:</b>		
• Audit	13,781	9,736
• Compliance		
• Corporate Affair		
• Human Capital		
• Information Technology		
• Legal		
• Management System		
• Risk		
• Finance & Accounting		
• Operational Banking		
<b>School of Leadership</b>		
• Executive Training for Board of Directors	4,893	1,112
• Executive Training for Board of Commissioners		
• Executive Training for Division Head & Regional Office Head		
• Sespibank (Sekolah Staff dan Pimpinan Bank)		
• Executive Development Program (EDP)		



Type of Activities	Number of Participants	
	2018	2017
• Vice President Development Program (VPDP)		
• Senior Manager Development Program (SMDP)		
• Manager Development Program (MDP)		
• Officer Development Program (ODP)		
• Supervisor Development Program (SDP)		
• Branch Manager Development Program (BMDP)		
• Leadership Series		
• Domestic Scholarship for S1 (Undergraduate)		
• Domestic and Overseas Scholarship for S2 (Graduate)		

4. Equal Treatment for All Employees

The Company applies the principles of diversity and equality for all employees in accordance with the basic principles of employment contained within Law No. 13 of 2003, concerning employment.

In 2018, the Company had 11,810 employees, consisting of 54.74% or 6,465 male employees and 45.26% or 5,345 female employees. The composition reflects that the Company upholds the principles of equality in employment. This composition reflects that the recruitment system implemented by the Company has been carried out by upholding the principles of equality as well as conducting employment opportunities by not distinguishing between men and women in hiring employees.

In employment opportunities, employee recruitment is based on selection, and evaluation results of probation and worker orientation. The Company applies equal opportunities to all candidates, both men and women, without ethnic, religious, racial, class, gender or physical discrimination in the recruitment of potential employees. In practice, the Company opens opportunities for the best physically challenged candidates to work in the Company. By end of 2018, the Company had 4 physically challenged employees in several branch offices, such as the Banjarmasin Branch Office, Malang Branch Office, Medan Branch Office, and Human Capital Management & Culture Specialist Division (HMCD).

5. Employee Protection (Industrial Relations)

The Company regards employees as the Company's strategic partners in achieving common goals. Consequently, the Company constantly strives

to respect the rights of employees and carries out its obligations in accordance with applicable laws and regulations in order to build harmonious relationships. The Company has established a Bipartite Cooperation Institution (Bipartite LKS) as a communication forum and consultation relating to industrial relations of the Company where its members consist of Position Holders and Bank BTN Workers' Unions (SP-BTN).

Moreover, the Company has also compiled and agreed on a Collective Labor Agreement (PKB) which contains the rights and obligations of the Company and its employees to uphold harmonious and impartial industrial relations. The Company routinely convenes meetings with trade unions to discuss various matters related to employee rights and obligations or to formulate disciplinary sanctions for employee violations. In 2018, all the rights of the Company's permanent employees (100%) were secured by PKB.

6. Employee Turnover Rate

In 2018, the employee turnover rate was 2.26% with 267 employees leaving the Company voluntary. However, this employee turnover rate is still within the average level of the banking industry. This turnover rate comprises 253 employees resigning and 14 employees retiring early.

**Occupational Health and Safety**

The Company makes a serious effort to create a safe and comfortable work environment for all employees by constantly observing occupational health and safety aspects to sustain the best corporate performance. In occupational health and safety, the Company's policy refers to Law No. 13 of 2003 article 86 paragraph 2 regarding employee protection. Implementation

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of employee health and safety programs are also contained within the Company's internal policies, such as:

1. Regulation of Board of Directors No. 5/PD/PGSD/2017 dated October 31, 2017, regarding Policy Guidelines for Occupational Safety and Health Management System;
2. Circular of Board of Directors No. 60/DIR/PGSD/2017, dated 31 October, 2017, concerning Standard Operating Procedures for Implementing an Occupational Safety and Health Management System.

### Target Activities

In 2018, the Company's target in occupational health and safety (OHS) focused on improving competence, training and awareness of employees at work, so that the application of OHS was able to be maintained at zero accidents. The Company also provides adequate health care benefits for employees and work safety management to prevent workplace accidents. Determination of these targets is envisaged to augment employee productivity and warrant sustainably.

### Occupational Health and Safety Pursuits

Throughout 2018, the Company organized various agendas and facilities in occupational health and safety which included enlightening the importance of OHS, health checks, workplace safety along with OHS training, and enforcement of policies on Occupational Health and Safety Management System (OHSMS).

### Efforts to Raise Understanding of Occupational Health and Safety

The Company, in 2018, once more made various attempts to upgrade the understanding of, and skills in, Occupational Safety and Health (OHS). The Company is strongly committed to a healthy work environment, and accident free operations in accordance with applicable rules. To realize occupational health, the Company has compiled health programs in business processes, Medical Check Up facilities, training, medical emergency response simulations, and workshops on Occupational Health.

### Health Check Implementation

The Company also carries out periodic health checks on employees and registers all employees in the mandatory Labor and Health Management Agency (BPJS) insurance scheme, provides maternity assistance, checks, treatment and health care for employees and establishes cooperation with various hospitals in the vicinity of the Company's area of operation.

The Company periodically inspects all OHS apparatus to warrant their functionality when needed. By having adequate health facilities and unceasingly safeguarding employee safety, the Company anticipates that employee productivity will continue to expand.

### Safety Facilities and OHS Training

In averting work accidents and various work environment disasters, the Company has furnished all of its offices with a range of work safety standard equipment, such as: light fire extinguishers, smoke detectors, diesel pumps, emergency evacuation stairs and work safety warning signs, adhering to the standards based on Minister of Public Works Technical Requirements for Fire Protection Systems in Buildings and the Environment.

The Company also routinely inspects work safety equipment to guarantee its feasibility, certificates issued by the DKI Jakarta Provincial Manpower and Transmigration Office for operators of work safety devices, such as lift and transport gear and fire evacuation plans and laying out fire safety operational procedures in rooms and every floor of the building so that all employees are well informed.

By the end of 2018, the Company required employees to participate in OHS training making them aware of the importance of OHS, and take proper action in the event of a tragedy. The Company routinely engages employees in "Coaching and Certification of Public Occupational Health and Safety Experts (AK3U)" certification training organized by BPJS Kesehatan. All employees have been included in Labor Social Security (Jamsostek) through BPJS Employment, such as Pension Insurance (JHT), Work Accident Insurance (JKK), and Death Insurance (JK), to protect employees from socio-economic risks such as work accidents, disability, retirement and death, resulting in reduced or loss of income.



## Occupational Safety and Health Management System (OHSMS)

In 2018, the Company implemented the Occupational Safety and Health Management System (OHSMS) as the Company's commitment in managing OHS related to the OHSMS Standard Operational Procedure (SOP) and the Company's OHS Special Policy. The aim of OHSMS is to improve the effectiveness of safety and health protection in a planned, measurable, structured, and integrated manner and to prevent work accidents and work-related illnesses.

In 2018, the Company once more certified several of the Company's employees for AK3U. This certification is carried out in the context of Occupational Safety and Health Laws implementation issued by the Indonesian Ministry of Manpower and Transmigration. The occupational safety and health certification material includes:

1. Supporting building facilities and infrastructure such as elevators, generators, air conditioners, and lighting;
2. Employee regular medical check-ups;
3. Work supporting equipment that has no effect on health; and
4. Periodic employee rotation so not to be psychologically saturated.

## Occupational Accident Rate

Throughout 2018, the Company carried out programs and pursuits on optimal employee safety and health. No Company employees were reported to have been exposed to illnesses or high risk accidents (zero accident).

## Complaint Mechanisms for Employment Issues

The Company offers a complaint channel for employees in dealing with the Company as one of its responsibilities to protect employees and guarantee their rights. Some employee complaint mechanisms are as follows:

1. If the reported party is an employee of the Company, the alleged violation report is addressed directly to the Whistle Blowing System team at the following address:
  - » Whistleblowing System Team of PT Bank Tabungan Negara (Persero) Tbk.
  - » PO BOX Whistleblowing System (WBS) BTN Jakarta
  - » Email: wbs.btn@btn.co.id
  - » SMS/Mobile: 081311434343

Reports can be made verbally or by other means by the Whistle Blower.

2. If the reported party is a member of the Whistle Blower System Team, then the alleged report of the violation is sent directly to the President Director.
3. If the reported party is a member of the Board of Directors or his family, then the alleged violation report is sent directly to the Board of Commissioners.
4. If the reported party is a member of the Board of Commissioners or his family, then the alleged violation report is sent directly to the President Director.

With effective management and implementation of labor practices and human rights, during 2018 there were no complaints concerning employment practices or human rights violations, including incidents of discrimination experienced by employees of the Company.

## Quantitative Impacts

In 2018, CSR implementation related to employment was effective in accordance with its objectives in fulfilling the interests of employees, and the alignment between employee goals and Company objectives was fulfilled. The Company EES score rose to 85% in 2018 compared to the previous year at 78%. The Company's EES indicates that the level of employee engagement with the Company had increased by 8.97% and is at the Top Quartile level. The Company EES score in the last two years has been above the level of other employee engagement benchmarks, such as APAC's Financial Institution of 67%, the 72% of the Financial Institution Indonesia, and the BE Indonesia Benchmark of 86%.

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In addition, Company employee turnover rate in 2018 decreased to 2.26% compared to 2.27% in 2017.

**Table: Company Employee Turnover**

Description	2014	2015	2016	2017	2018
Number of Employees*	8,607	9,069	9,424	10,360	11,810
Voluntary Resignation**	260	338	248	235	267
Turnover Ratio	3.02%	3.73%	2.63%	2.27%	2.26%

Notes :

\* The number of permanent employees includes contract employees/prospective employees/PKWT

\*\* Employee decisions to leave the organization voluntarily (resignation and early retirement)

Other quantitative impacts on the implementation of the Company's CSR on OHS include significant improvements in health and employee performance. With a work safety management system coupled with socialization and various training programs, it has made quite an effective impact. In 2018, there were no work accidents (zero accident) in the Company.

### Certification

The Company has obtained Fire Safety certification issued by the Jakarta Provincial Fire and Rescue Agency. This certification has encouraged the Company to realize a safer and healthier work environment for Company employees.

Type of Certifications	Fire Safety Certificate
Validity Period	October 20, 2018 * has been extended
Issuing Agency	Provincial Government Special Region of Jakarta Capital Investment and One Stop Service