



Collective Labor Agreement

since October 2 2012, the Company established and registered a Collective Labor Agreement (CLA) to the Ministry of Manpower and Transmigration of the Republic of Indonesia No. Kep.157/PHIJSK-PKKAD/PKB/X/2012. The Company has a commitment to prevent forced labor incidents within its premises by having internal regulations as specified in details in its Board of Directors' Circular No.11/DIR/HCD/2013 on Working Days and Hours in the Sub Human Capital Administration. CLA is updated periodically with the Workers' Union to be registered with the Manpower Office. In 2018, all employees of the Company (100%) their rights have been protected by the PKB. [GRI 102-41, 103-2].

The Company fosters two-way communication with employees including to provide information regarding important changes within the Company such as changes in organizational structure and the addition of business units to employees and other matters related to staffing.

Notifications related to these changes, are informed through memos to all work units and can be accessed through AIMS (internal applications related to the Company's provisions).

The Company is committed to preventing the occurrence of forced labor incidents in the Company with the existence of regulations related to employee work time which are regulated in the Directors' Circular Number: 43/DIR/CMO/2011 concerning the Human Capital Administration. The regulation regulates the working days and hours of the bank so that employees can attend, work and rest according to a predetermined time. However, if in certain circumstances there is work that must be completed beyond working hours, the Company provides compensation in the form of overtime money to employees who work beyond working hours. This has been regulated in the Board of Directors Circular Number: 43/DIR/CMO/2011 concerning Human Capital Rewards. [GRI 103-2, GRI 409-1]

Remuneration System and Employees Welfare

The Company's employee remuneration and welfare system is specified in its Board of Directors' Circular No.43/DIR/CMO/2011 on Human Capital Rewards. In

providing remuneration, the Company applies fair rewards and equal treatment without discrimination to all employees, regardless of gender, ethnicity, race, religion, skin colour, and other diversity. The remuneration shall be based on the performance's achievement and responsibilities of the positions held. [GRI 103-2, GRI 405-2]

Based on the employment status, the Company provides leading remuneration component and facilities to permanent employees compared to the contract employees. However, the Company ensures that the rights of the Company's contract employees have been in line with the standards prevailing rules. [GRI 401-2]

In 2018, the Company has made improvements relating to employee remuneration including; salary adjustments according to P75 percentile in order to made the Company remuneration system competitive, improvement in provisions related to benefits (facilities for moving employees, credit, health, overtime) and variable compensation systems for salespeople.

The Company applies salary adjustments due to rising inflation and adheres to the minimum wage provisions based on the Republic of Indonesia's Minister of Manpower and Transmigration Regulation Number 7 of 2013 concerning Minimum Wages. The Company is committed to always providing employee salaries for entry level positions above the Minimum Wage standard applicable in the Company's operational area. [GRI 103-2]

In 2018, the amount of employee costs reached Rp2,474 billion or up 29,75% compared to the HR investment that we planted in 2017 amounting to Rp1,906 billion.

The company provides maternity and miscarriage leave to permanent female employees for 1.5 (one and a half) months before and 1.5 (one and a half) months after delivery or three months of labor. Whereas a miscarriage leave is given for 45 days after the miscarriage occurs. In addition, the Company also gives five days permits for male employees whose wife gives birth (paternity leave). This facility has been regulated in the Board of Directors Circular Number 43/DIR/CMO/2011 concerning the Human Capital Administration. [GRI 103-2]

HUMAN RESOURCE MANAGEMENT

Throughout 2018, the number of female employees who used their maternity leave rights was 374 person, with retention of employees returning to work after the leave period ended at 100%. This shows that the availability of collateral works for employees to return to work after using maternity leave rights. [GRI 401-3]

In accordance with the Board of Directors' Circular Letter No. 43/DIR/CMO/2011 on Human Capital Engagement, the Company provides several pension benefits to employees to finance their lives after the Company's employment relationship ends. Employee who is entitled to a pension benefit is a permanent employee who has reached the normal retirement age of 56 years. Pension Benefits consist of: [GRI 103-2, GRI 201-3]

1. Definite Benefit program, permanent employees receive benefits according to the formula set by the Pension Fund.
2. The Defined Contribution Program, permanent employees receive pension from accumulated contributions i.e. 2.5% deducted from the employee's salary, 7.5% from the Company, and the investment result.

Referring to the Board of Directors' Decree that stipulates the PT Bank Tabungan Negara (Persero) Tbk Pension Fund Regulation (Dapen BTN), the amount of Pension Benefit is at most 80% of the Basic Pension Income.

Employee Complaint Management

In order to encourage dynamic employee interaction, The Company utilize BTN Employee Service Intelligence staffing digital tool (iBES/HCIS) that makes it easy for employees to access the personnel management system. [GRI 103-2]

In order to manage employees complaints which related to violations of labor practices and human rights, the Company utilized the Whistleblowing System (WBS). This is regulated in the Circular of Directors Number: 21/DIR/IAD/2014 concerning Whistle Blowing System of PT Bank Tabungan Negara (Persero) Tbk. The regulation also regulates the mechanism for handling complaints of employees as follows:

- a) The WBS process & mechanism is the responsibility of the Managing Director and WBS Manager, this entity consist of the WBS Committee and WBS Monitoring Committee.
- b) The WBS Committee consists of several divisions and WBS management units, while the WBS Monitoring Committee consists of the President Commissioner and other board of commissioners at BTN.
- c) except if the reported party is a member of the board of directors and someone who has a special relationship with the directors and or members of the WBS committee, then the report can be submitted to the WBS Monitoring Committee.
- d) If the reported party is a member of the board of commissioners and someone who has a special relationship with the commissioner, then the report can be submitted to the President Director.

Employee Turnover Rate

The Company manages employee work termination policy based on its Board of Directors' Circular No.66/DIR/HCD/2014 - sub Human Capital Engagement – on work termination. In 2018, 267 employees left the Company, meaning that its employee turnover rate was 2.26%. [GRI 401-1, 103-3]

Employee Engagement Survey

On 4-19 December 2018, the Company carried out an Employee Engagement Survey aimed at:

- Provide an opportunity for employees to express their personal opinions honestly through online surveys related to matters that have been going well and matters that can be improved in the Company.
- Analyze gap between the employees' experience and Company's objectives, and improve insight to enhance performance and productivity.
- Encourage improvement of the employees' engagement level to the Company.

The survey method is the distribution of questionnaires for all the Company's permanent employees. The questionnaire contains 63 standard questions, 10 specific questions, and 2 open questions. [GRI 103-3]