

## The Board of Commissioners and the Board of Directors Succession and Nomination Policy

### Succession Planning

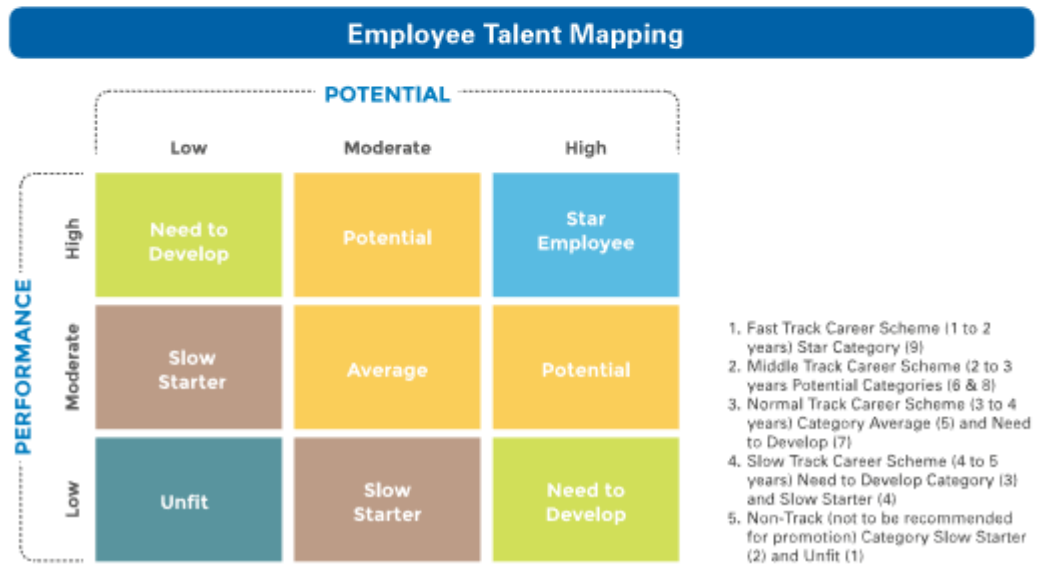
The Company through the Human Capital Management Division instigates a Talent Management System (TMS) to conduct a Fit and Proper Test in order to groom potential cadres of employees as prospective Directors under several programs as follows:

### Talent Mapping Program

Identification and/or nomination of members of the Board of Directors and members of the Board of Commissioners begins with the management and placement of employees by implementing the Talent Mapping programs. The Company firmly believes that through the proper management and placement of employees is the key to the success in achieving Company's objectives. The Company has established a method and procedure for managing all employees so that management can place them in the right positions, especially strategic positions that greatly determine the accomplishment of key targets in realizing Company's vision and mission.

The Talent Mapping scheme is performed with the aim of:

- Determining the management and development programs for employees.
- Placement of Employees in the right position.
- Taking measures in order to enhance and synchronize the maximizing of the Bank's performance.
- This Talent Mapping is an assessment procedure that gauges the aspects of Employee Performance and Potential as outlined in the matrix "9 Boxes" as illustrated in the picture, as follows:



Based on the assessment results, there are 9 (nine) employee groups that reflect the different characteristics of the two aspects assessed, as follows:

1. Talent Group 9 (Star): High-Potential High-Performance Employees.
2. Talent Group 8: Potential Employees with High Performance.
3. Talent Group 7 (Need to Develop): High Potential Low Performance Employees.
4. Talent Group 6 (Potential): Employees with moderate high potential performance.
5. Talent Group 5 (Average): Employees with Moderate Performance Medium Potential.
6. Talent 4 (Slow Starter): Employees with Moderate Low Potential Performance.
7. Talent Group 3 (Needs to Develop): Employees with High Potential Low Performance.
8. Talent Group 2 (Slow Starter): Employee with Low Potential Medium Performance.
9. Talent Group 1 (Unfit): Employees with Low Potential Low Performance.

### **Succession Program**

Based on the talent mapping program, the Company then implements a succession planning program. The Company establishes a policy and mechanism for filling strategic positions (through to the top management level) that play a key role in being able to align the Company's strategic goals in a way that is aligned with the Company's strategic directions so that the Bank's Vision and Mission can be realized.

### **The objectives of succession planning include:**

Being able to create sustainable value for the Shareholders in accordance with the Bank's Strategic Business Development Plan, the Company has endeavored to implement various initiatives in an attempt to further expand the Bank's business, and various innovations in developing the Human Resources (HR) competencies. With these innovations, the Company can award distinctive competencies to employees, in particular competence in housing business to all BTN (Bitniz) employees. The Board of Directors has also established a General Board of

Directors Policy (KUD) focused on Sustainable and Quality Growth buoyed by HR, IT Infrastructure and Risk Management under the theme: "A More Prudent Controllable business Growth with Quality", as stated in the Bank Business Plan (RBB) in 2019-2021, and in achieving the new VISION goals of the Bank: "The Leading and Reliable Bank in Facilitating the Housing Sector and Family Financial Services", as an accelerator and integrator in the housing sector and family finance partners. As the main mandate provider in the implementation of the Government-related housing program, Bank BTN possesses the ambition to strengthen its presence as a leading housing provider by becoming an integrator of both the demand and supply side.

The Board of Directors has also set forth the direction of the Management policy regarding the development of HR in order to create Sustainable Value to Shareholders, i.e.:

1. Foster Top Talent and Succession Management, explicitly:
  - Evaluate career management and job family;
  - Develop succession and handover plans;
2. Develop strategic manpower planning with a pareto allocation strategy;
3. Strengthen the internalization of the Employer Value Proposition (EVP) through targeted recruitment activities in order to attract the Top Talent;
4. Strengthen performance-based management:
  - Strengthen the performance-based management system;
  - Design attractive compensation means for employees and for all business segments.
5. Strengthening the high-performance culture:
  - Internalize a collaborative Work Culture and focus on external insights for the Era of Digital Transformation;
  - Boost the capabilities of the Human Capital unit in order to implement strategic initiatives to strengthen the work culture under the backing of Top Management.

The Company's Succession Program is implemented through the following stages:

1. The succession planning committee creates a succession plan for each designated position based on the selection of candidates for successor;
2. The succession planning committee deliberates on succession plans with management, direct supervisors, employees and other parties in order to finalize the succession plan to be agreed upon;
3. Successor and direct supervisor or appointed mentor to analyze the assessment results and develop plans for competency gaps in both technical and behavioral;
4. The direct supervisor or appointed mentor recommends a specific development program for each successor, which is then discussed with the Succession Planning Committee.

The Company must periodically evaluate the succession planning program that has been held by:

1. Reviewing and revising the strategies and plans according to the individual and organizational developments;
2. The Succession Planning Committee annually reviewing and revising the succession strategies and plans according to individual development and organizational demands.

#### **Directors and Commissioners Succession Program**

The Talent Mapping and Succession Program, as described above, is used as the basis by which the Company's management will determine the potential candidates for the Board of Directors who will co-ordinate with the Remuneration and Nomination Committee and the Board of Commissioners. The criteria set forth by the Company for employees to be successful or prospective members of the Board of Directors who are in the "Star" group based on the results of Talent Mapping.

Talent Mapping by the Company's management is a key consideration for the Remuneration and Nomination Committee for the selection of candidates for the Board of Directors that are aligned with their competency demands to realize the strategic objectives set forth by the Company. In addition, the Remuneration and Nomination Committee implements its duties by referring to the applicable regulations, including the

provisions of Bank Indonesia (BI)/Financial Services Authority (OJK), which stipulates that each proposal to dismiss and/or appoint members of the Board of Directors and Board of Commissioners to the GMS then the recommendations of the Board of Commissioners must heed the recommendations of the Remuneration and Nomination Committee.

#### **Procedure for Submitting Prospective Directors**

1. From the results of the TMS, HMCD submits the proposals for the prospective Directors to the Board of Directors.
2. The Board of Directors submits the proposals of the prospective Directors to the Board of Commissioners.
3. The Board of Commissioners through the Remuneration and Nomination Committee (KRN) discusses the proposals of the prospective Directors.
4. The KRN recommends the prospective Directors to the Board of Commissioners.

The procedure for Proposing to Shareholders of Series A Dwiwarna is Based on the Minister of State-Owned Enterprises Regulation No. PER-03/MBU/ 02/2015 dated February 17, 2015 concerning the Requirements, Procedures for Appointment and Dismissal of Directors of State-Owned Enterprises regulating that Candidates for the Board of Directors of State-Owned Enterprises are sourced from:

1. Directors of State-Owned Enterprises
2. Board of Commissioners/Board of Supervisory of State-Owned Enterprises
3. State-Owned Enterprise talents prerequisites are:
  - Official one level below the Directors or officials who exhibit special achievements;
  - Directors of State-Owned Companies/State-Owned Joint Venture Companies.
4. Talents from the Ministry of State-Owned Enterprises;
5. Officials of other State-Owned Enterprises and other sources.

For this reason, the steps taken in the process of proposing the Talent of a State-Owned Enterprise as Candidates for Directors to the Holder of the Series A Dwiwarna Share are as follows:

1. The Board of Commissioners submits the candidates for Directorship to the Ministry of State-Owned Enterprises (Series A Dwiwarna Shareholders) as the Talents of State-Owned Enterprises from the Company.
2. Should the Ministry of State-Owned Enterprises possess other candidates, the Ministry of State-Owned Enterprises obliges the Board of

Commissioners to evaluate the proposed candidates and if they meet the requirements as candidates, then the Board of Commissioners is to propose to the Ministry of State-Owned Enterprises.

### **Selection/Testing Procedure**

1. Prospective Directors will be evaluated for Formal Requirements and other requirements and undergo a Fit and Proper Test (UJKK) by the Ministry of State-Owned Enterprises.
2. Evaluation of Formal Requirements and Other Requirements is performed by the Deputy/Technical Deputy of the Ministry of State-Owned Enterprises.
3. Fit and Proper Tests are performed by professional institutions or the Ministry of State-Owned Enterprises.
4. Evaluation of the prospective candidates to be submitted at the GMS, are conducted by the Ministry of State-Owned Enterprises Ministry Team involving the Chair of the KRN or if the Chairperson of the KRN is unable, the Chairperson is to be replaced by an Independent Commissioner from the KRN.

Candidates fulfilling the Formal Requirements and Other Requirements and having passed the Fit and Proper Test are formally designated as candidates for the Board of Directors.

### **Procedure for Determination at the GMS**

Authorities or Representatives of the Series A Dwiwarna Shareholders submit proposals for naming the candidates for the Directorship position (along with their curriculum vitae) to the Chair of the GMS to be appointed as Directors at the relevant GMS.