

# Sustainable Social Performance



## Best Human Resources as the Progress Support

Human resources became a strategic asset for the Company in creating value in order to meet customer satisfaction, as well as the key to facing competition. One important aspect, human resources, namely individuals who worked at Company, became the main driving force of the Company, even controlling other resources, such as capital and technology. They were also at the forefront of services so that they played a very important role in shaping the image of the Company in the eyes of customers. **(GR 103-1)**

With such a very strategic position, what the Company needed was employees who were superior, capable and competent in their fields, highly dedicated, having broad insight, and having high creativity to advance. Another requirement that could not be missed was that they should have the same vision as the Company's vision. If such qualifications were met, then half of the progress and sustainability of the Company was already in hand. The other half's role was determined by the expertise of human resource management in managing employees so that all existing potential could be fully developed.

The management of human resources at the Company referred to a number of regulations, especially Law No. 13 of 2003 concerning Manpower, as well as common labor practices in Indonesia, from planning, selection and recruitment, career management, remuneration, to social security and pensions. In addition, the Company also paid attention to occupational health and safety aspects. With these various efforts, employees could contribute optimally to achieve the targets that had been set by the Company. **(GRI 103-2)**

### Human Capital Development Strategies

Human capital management of the Company is under the Strategic Human Capital Directorate, which is led by the Director of Strategic Human Capital as stipulated in the Board of Directors' Decree No. 04 / DIR / KD / TMO / 2018 on April 30, 2018. In performing its duties and responsibilities in the field of Human Capital management, the Directorate of Strategic Human Capital are divided into three Divisions namely Human Capital Management, Human Capital Strategy, and Learning Center Division. Human capital management in the Company starts from planning, recruitment, competency development, performance management systems, job and career design, remuneration and benefits, productivity analysis and other matters related to human capital.

As a long-term human capital development strategy, the Company has prepared a Roadmap for human capital (HR) based on the Bank Transformation stages as follows: **(GRI 103-2)**

The Bank conducts comprehensive human capital development initiatives that begin with the alignment of agile and high capability organizations based on a process of transformation of human capital to increase employee productivity and high competitiveness.

#### o **Implementation of Organizational Structure Transformation**

The organizational development plan is intended to support the implementation of an agile and high-capacity organizational structure transformation to achieve the Bank's business targets.

#### o **Digital Workforce Planning**

To support the achievement of the Bank's business targets and the growth of Bank digitalization aspect, the need for employees (workforce) in quantitative terms needs to be planned. Therefore, Digital Workforce Planning needs to be prepared in which this is in line with the transformation stages carried out by the Company.

#### o **Career Path Acceleration and Succession Planning to Build Employee Competencies that are Aligned With Industry 4.0**

The Company is aware of the importance of human capital factors in the banking industry, especially in the trend of industry 4.0 where the Company is required to be able to produce successors with competencies in accordance with industry 4.0 era.

#### o **Development of Performance Management That Encourages Talent Management System**

Performance management system is enhanced through the following stages:

- Improving performance management system policies in line with organizational changes to support the achievement of the Company's targets.
- Implementing a performance management system by setting appropriate, measurable and realistic targets to encourage talent management systems.
- Optimizing the performance coaching and counseling process to obtain high performance.

#### o **Implementing Remuneration System Governance in Accordance With Best Practices**

Good remuneration system governance aims to increase employee engagement with the Company. The Company remuneration system is designed according to best practice and is maintained its competitiveness in the market and the fairness.

#### o **Strengthening Corporate Culture Towards the Global Playership Era**

In accordance with the stages of the Company transformation, the Corporate Culture is intended to strengthen cultural internalization to support digital transformation towards the global playership stage.

o **Optimization of Employee Communication & Social Media Network to Improve the Company's EVP**

Technological developments open the social media access as a tool to deliver management messages in order to improve the Company's EVP.

o **Improving Human Capital Governance and Talent Mobility Alignment with Subsidiaries & Affiliations**

Human capital policy governance is also intended to integrate the Company talent mobility with subsidiaries and affiliations.

o **Integration of Human Capital Information System to Enhance People Analytics**

HCIS (Human Capital Information System) is an integrated application to support in implementing alignment in the management of the Human Capital system in the Company. With the development of human capital and global talent competition, HCIS is required to function as a people analytic or talent analytic that can help management make decisions about employees.

o **Learning & Development Which Focuses on The Development of Integrated Talent Management System**

The learning & development process is intended to focus on developing employee competencies that refer to the integrated talent management system.

## Human Capital Management

### Recruiting the Best Talents

The Company recruits based on the level of the Company's requirements. The Company policies in the recruitment process are regulated in the Board of Directors' Circular Letter Number 43 / DIR / CMO / 2011 sub-themed "Human Capital Acquisition regarding employee recruitment". The company recruits through two approaches, namely: **(GRI 103-2)**

1. Internal Recruitment, a recruitment conducted by utilizing existing employees to fill a vacant position in a particular unit, based on organizational needs or based on Workload Analysis calculations. The methods for internal employee recruitment include:
  - o Promotion
  - o Rotation
2. External Recruitment, an Employee Recruitment conducted to hire a candidate from outside the Company to fill a vacant position in a particular unit. External recruitment is done by 2 (two) methods, namely:
  - 2.1. Direct Hire, consisting of:
    - o Fresh Graduate
    - o Experienced (Prohire)
  - 2.2. Outsourcing.

To meet the needs of employees, the Company has also compiled a Manpower Plan according to the needs of the organization and conducted a recruitment process

including job fairs, campus hiring, seminars and public lectures to support employee recruitment at universities in Indonesia. This process is also supported by online / digital recruitment tools or the Company's recruitment website. **(GRI 103-2)**

In the recruitment process, the Company sets the age requirement to be more than 18 years old for prospective employees. This commitment is also a prerequisite in establishing cooperation with universities. The Company provides equal opportunities to the public to get career opportunities regardless of gender, ethnicity, race, religion or any form of discrimination. To prevent forced labor, employees of the Company work with a set amount of time, and employees at certain levels who work over time will be granted compensation in the form of overtime pay.

The various labor provisions are applied as a form of the Company's compliance commitments to Law No. 13 of 2003 concerning Manpower. This commitment has resulted in the zero cases of child labor, discrimination or forced labor in the Company or suppliers of goods and services throughout 2020. **(GRI 103-3, 406-1, 408-1, 409-1)(F.19)**

During the reporting period, based on data from the Directorate of Strategic Human Capital, the Company recruited 15 employees (fresh graduates & professional hire). **(GRI 103-3, 401-1)**

New employees have a certain mechanism before they are appointed as permanent employees. For those employees who are qualified and then appointed as permanent employees, they will be granted remuneration in accordance with applicable labor regulations. The ratio of basic salary and remuneration for male and female employees in the Company is the same as the Company does not differ the ratio of basic salary and remuneration based on gender.

In addition to increasing due to the recruitment program, the number of employees has decreased due to employees who have stopped working for various reasons, such as retirement, resignation, contract expiration, death and so on. The company terminated the employment relationship based on the policy of the Directors Circular Letter Number 66 / DIR / HCD / 2014 sub Human Capital Engagement concerning the Termination of the Work Relationship. According to data from the Strategic Human Capital Directorate, during the reporting year, employees who left the company were recorded as 189 people.

Based on the number of employees joining and leaving the Company as mentioned above, the employee turnover rate for 2020 is 1.68%, an increase compared to 2019, which reached 1.51%. The Company manages the termination of employment based on the policy of the Board of Directors Circular Number 66 / DIR / HCD / 2014 sub-themed "Human Capital Engagement" regarding the Termination of Employment. **(103-3, 401-1)**

Table of Employees Turnover in 2020

Description	2020	2019	2018
New employees	15	410	1.400
Employees leaving the Company	189	176	267
Total Employees at Beginning of Year	11,647	11,810	10.690
Total Employees at End of Year	11,224	11,647	11.810
Turnover Rate	1.68%	1.51%	2,26%

## Occupational Health and Safety Management (F.21)

Occupational health and safety is one of the priorities of the Company. Therefore, the Company optimally creates a safe and convenience work environment, which leads to the creation of zero accident ratio. In this case, the Company believes that a safe and convenience work environment will enhance employee's morale and productivity in which it then improves the performance of the Company. (GRI 103-1)

The implementation of a safe and convenience work environment refers to article 86, paragraph 2, Act No. 13 of 2003 concerning Manpower, which states that "To ensure employees/labors safety in order to optimize work productivity, occupational health and safety efforts are implemented". In line with that, the Company has policies related to Occupational Health and Safety Management System (SMK3) which are listed in: (GRI 103-2)

- o Board of Directors Regulation Number 5 / PD / PGSD / 2017 on October 31, 2017, concerning Policy Guidelines for Occupational Health and Safety Management Systems.
- o Circular of the Board of Directors Number 60 / DIR / PGSD / 2017 on October 31, 2017, concerning Standard Operating Procedure for the Implementation of Occupational Health and Safety Management System.

Referring to SMK3, the Company implements various programs related to the occupational health and safety as follows: (GRI 103-3)

### Employee Safety Management Program

- o All operational offices have been acomodated with work safety devices such as APAR (Portable Fire Extinguisher), Smoke Detector, Diesel Pump, and Emergency Escapes that are in accordance with fire safety equipment standards based on the Minister of Public Works Regulation on Technical Requirements for Fire Protection Systems in Buildings and the environment.
- o Routine checking of work safety tools to determine their level of eligibility.
- o Certified which is issued by the DKI Jakarta Province Department of Manpower and Transmigration for operators of occupational safety devices, such as lift and transport aircraft.
- o Fire situation plan and fire safety operational procedures in the staff room and every floor of the building so that all employees are well informed.

- o Employee involvement in the certification training "Development and Certification of Public Occupational Health and Safety (AK3U)" organized by BPJS Kesehatan.

### Employee Healthcare Program

- o Providing medical facilities in the form of periodic Medical Check-Up and treatment facilities such as guaranteed reimbursement of inpatient hospital fees and outpatient care after leaving the hospital, labor costs, dental care costs, glasses replacement, hearing aids, laboratory examinations, and medication other medical doctors recommended post-treatment.
- o Providing polyclinic facilities and doctors to provide medical or medical services to employees and their families.
- o Include employees and their families with health insurance organized by BPJS Kesehatan.

### Standard Operational Procedure (SOP) of Health and Safety Management (SMK3)

The Company implemented an Occupational Health and Safety Management System as the Company's commitment in managing Occupational Health and Safety which regulated the Occupational Health and Safety Management System Standard Operational Procedure (SOP) and the Company's Occupational Health and Safety Special Policy. The purpose of implementing Occupational Health and Safety Management System was to increase the effectiveness of occupational safety and health protection in a planned, measured, structured and integrated manner and to prevent occupational accidents and occupational diseases.

In 2020, the Company also conducted AK3U Certification again for several employees of the Company. This certification program was carried out in the context of implementing the Occupational Health and Safety Regulations issued by the Indonesian Ministry of Manpower and Transmigration. The material for occupational safety and health certification includes:

- a. Supporting facilities and infrastructure for building operations, for example elevators, generators, air conditioning, lighting;
- b. Carrying out routine medical check-ups for employees;
- c. Work support equipment should have no effect on health; and
- d. Periodic employee rotation so that employees were not psychologically disturbed.



### The Company Occupational Health and Safety (K3) Specified Policies

- o Prohibition of Narcotics, Psychotropic and Addictive Substance Abuse
- o Prevention of Spread of Communicable Diseases
- o Management of Associates / Third Parties Regarding OHS

In accordance with commitments held by the Company, during 2020, the Company made every effort to create a safe and comfortable work environment by complying with various applicable rules and procedures. These efforts bring results in the absence of work accident incidents in the Company's environment so that it does not impact the missing in work-day counting and others. Evaluations related to Hazard Identification, Assessment, and Risk Control during the reporting year also did not find any cases of employees suffering from certain diseases due to their daily operation. (GRI 103-3, 403-2, 403-3)

### Training and Competency Development for Employees (F.22)

The Company periodically conducts education and training programs to improve employee competencies and skills. Education and training are intended for employees based on individual development plans and in accordance with the needs of the Company. Management of employee training and education is regulated in the Board of Directors Decree No. 04 / KD / SIPD / 2017 on May 29, 2017, amendment to the Board of Directors Decree No.3 / KD / DIR / SIPD / 2017 concerning Head Office Organizational Structure in article 8 point 5h concerning Organizational Structure of Learning Center Division. (GRI 103-2)

Through careful planning, in 2020, the Learning Center achieved a performance target based on the target number of batches and the number of participants from three schools that conduct training for employees, namely: (GRI 103-3)

#### 1. School of Leadership

Providing training that aims to build leadership personality at the level of the Company's Leader. This program consists of ODP (Officer Development Program), MDP (Management Development Program), SDP (Supervisor Development Program), Overseas and Domestic Scholarship for Master Program, SESPIBANK (School for Staff and Bank Leaders) Board of Commissioners and Directors, EDP (Executive Development Program) study abroad for Head of Divisions, and other leadership programs.

#### 2. School of Operation Banking

Providing training that aims to enhance expertise or competence to the supporting structures of the Company as the Company's business support. This training consists of the fields of Faculty of Audit, Faculty of Compliance, Faculty of Corporate Affairs, Faculty of Human Capital, Faculty of Information Technology, Faculty of Law, Faculty of Management System, Faculty of Risk, Finance & Accounting, Operational Banking, and Others.

#### 3. School of Business Banking

Providing training that aims to provide expertise or competence that focuses on business development and management which consists of Collection & Asset Management, Commercial Funding, Retail Funding & Service, Commercial Lending, Consumer Lending, Digital Banking, Sharia Financing, Service Quality, Sharia Funding, Other Sharia Services, Treasury, Wealth Management, and Others.

During the reporting period, the learning process in the Company was developed by implementing a virtual classroom and improving Knowledge Management System (KMS) to encourage e-learning. Both are important platforms to facilitate access to learning for all employees, especially those in remote areas. The company is also preparing tools to develop BTN Corporate University in the future.

In addition to education and training programs aforementioned, competency development is also provided by accomodating selected permanent staff to continue their study to a higher level. It aims to meet and improve employee competencies which can create skillful, resilient, and responsive workforces in accordance with the needs and development of the bank. Employee education is regulated in the Directors' Circular Letter Number: 43 / DIR / CMO / 2011 concerning Human Capital Development. (GRI 103-3)

In addition to employees who were still active, the Company also provided training for employees who were about to retire. Training was provided so that they had readiness and skills so that they could remain productive when they retired. (GRI 103-3, 404-1)

### Employee's Performance Assessment and Career Development

The Company has a certain mechanism in providing reviews or assessments to employees. The results of performance assessments that have been conducted, the Company use it as an indicator to decide employee career development. In developing employee careers, the Company does not differ based on gender, but the aspects that are assessed are employee competency and capability. More specifically, the Company has policies related to employee career planning and development as stipulated in the Board of Directors Circular Letter Number 26 / DIR / HCD / 2014 concerning Employee Career Planning of PT Bank Tabungan Negara (Persero) Tbk. (GRI 103-2)

To provide opportunities for employee growth and motivation to develop, the Company has arranged career paths based on the position rank and job family and individual career planning structures based on employee's core competencies (core, leadership, and job family) and learning curriculum.

During 2020, all employees of the Company (100%), both men and women, at all levels of the organization's positions received performance evaluations. (GRI 103-3, 404-3)

## Protection of Employee Right

### Pegawai Employee Diversity and Equality

The Company applies the principle of diversity and equality for all employees in accordance with the basic principles of employment stated in Act No. 13 of 2003 concerning manpower. This principle is applied to regulations or policies on human rights contained in the Board of Directors Regulations, Circular Letters, and Collective Labor Agreements. In the regulation, the Company applies the principle of equality from recruitment, training programs and employee competency development, employee career development, as well as remuneration and employee welfare regardless of gender, religion, ethnicity, race, and other diversity. (GRI 103-2, 405-1) (F.18)

### Harmonious Industrial Relations

The Company upholds the freedom of association and assembly, and even establishes Trade Unions (TU) as a medium for employees to argue and fight for their rights. For the Company, employee rights are inherent rights once a person works and is appointed as an employee. Respect for such rights is one of the keys to building a harmonious relationship between the Company and its employees.

This award is also a form of the Company's compliance with Article 28E paragraph (3) of the 1945 Constitution of Indonesia which states that "Everyone has the right to freedom of association, union and opinion", Law Number 21 of 2000 concerning States Workers, and ILO (International Labor Organization) Convention Number 87 of 1948 concerning Freedom of Association and Protection of the Right to Organize, the Company since June 24, 1999 facilitated the formation of trade unions named the Financial Services Union and has been registration at the DKI Ministry of Manpower No. Kep-2241 / W.26 / K.2 / 1000. The establishment of the Company's trade union is an effective communication forum between the Company's management and all employees of the Company.

The Company provides freedom of association to all employees of the Company which includes:

- o Joining Company's trade union
- o Conveying aspirations through Company's trade union
- o Gathering in Company's trade union activities

With the implementation of the Company's commitment to the granting of freedom of association to all employees, during 2020 there were no incidents of violations or complaints reports related to freedom of association within the Company. (GRI 103-3, 407-1)

### Collective Labor Agreement

As a follow-up on the existence of trade unions of the Company, the employees and management of the Company then agreed to prepare a Collective Labor Agreement (CLA). On October 2, 2012, the Company registered the Collective Labor Agreement (PKB) with Indonesia's Ministry of Manpower and Transmigration Number: Kep.157 / PHIJSK-PKKAD / PKB / X / 2012. The Company is committed to preventing the occurrence of forced labor incidents in the Company's environment by the existence of regulations related to employee work hours regulated in the Board of Directors Circular Letter Number: 11 / DIR / HCD / 2013 concerning Work Days and Hours in the sub-Human Capital Administration. PKB is updated periodically with the Workers Union to be registered with the Manpower Office. In 2019, all employees of the Company (100%) have been protected by PKB rights. (GRI 102-41, 103-2)

The Company establishes two-way communication with employees including to provide information related to important changes in the Company such as changes in organizational structure and the addition of business units to employees as well as matters relating to other staffing. Notification related to these changes, informed through memos to all work units and can be accessed through AIMS (internal application related to the Company's provisions).

The Company is committed to preventing the occurrence of forced labor incidents in the Company's environment by the existence of regulations related to employee work hours regulated in the Directors' Circular Letter Number: 43 / DIR / CMO / 2011 concerning Human Capital Administration. The regulation regulates bank days and hours so employees can attend, work and rest in accordance with the specified time. However, if in certain condition that a duty must be completed by exceeding the working hours, the Company provides compensation in the form of overtime money to employees who work overtime. This has been regulated in the Board of Directors Circular Letter Number: 43 / DIR / CMO / 2011 concerning Human Capital Reward. (GRI 103-2, 103-3, 409-1)

### Remuneration and Benefits for Employees

In the Company, the remuneration and employee benefits system is regulated in the Board of Directors Circular Letter Number 43 / DIR / CMO / 2011 concerning Human Capital Reward. In providing remuneration, the Company applies a fair reward pattern and equal treatment without discrimination to all employees regardless of gender, ethnicity, race, religion, color, and other diversity; however, based on the achievement of performance and job responsibilities. (GRI 103-2, 103-3, 405-2)

Based on employment status, the Company provides different components of remuneration and facilities, but the Company ensures that the rights received by contract employees are in accordance with applicable regulatory standards. (GRI 103-3, 401-2)

Components of Remuneration and Facilities	Permanent Employees	Contract Employees
Basic salary	√	√
Holiday allowance	√	√
Leave allowance	√	
Clothing allowance	√	√
Allowance (position, housing, vehicle, expertise, fuel, location, tax)	√	
Performance bonus	√	√
Housing Loan	√	
Pension Allowance	√	
Health Insurance	√	√
Periodic health maintenance facilities	√	√
Medical assistance	√	√
Grief support	√	√

In 2018, the Company amended the employee remuneration, namely; salary adjustment on P75 percentile so that it is competitive, amendments to benefits (employee relocation facilities, credit, health, overtime) as well as a variable compensation system for salespeople.

The Company applies salary adjustments due to inflation and adheres to the minimum wage provisions based on the Republic of Indonesia Minister of Manpower and Transmigration Regulation No. 7 of 2013 concerning Minimum Wages. The Company is committed to always providing employee salaries at entry level positions above the Minimum Wage standard applicable in the Company's operational areas. (GRI 103-3, 202-1) (F.20)

### Maternity leave

The Company provides maternity leave to female permanent employees for 1.5 (one and a half) months before and 1.5 (one and a half) months after childbirth or three months of maternity leave. While the miscarriage leave facility is given for 45 days after the miscarriage. In addition, the Company also gives permits for five days to male employees to leave work if their wife gives birth (paternity leave). This facility has been regulated in the Directors' Circular Letter Number 43 / DIR / CMO / 2011 concerning Human Capital Administration. (GRI 103-2, 103-3, 401-3)

### Pension Program

The Company provides several pension benefits to employees in accordance with the Board of Directors Circular Letter Number 43 / DIR / CMO / 2011 concerning Human Capital Engagement. Employees who are granted pension benefits are permanent employees who have reached the normal retirement period of 56 years. Pension benefits consist of: (GRI 103-2)

1. Manfaat Pasti Program, in the form of pension benefits formulated by the Pension Fund.
2. Luran Pasti Program, in the form of pension benefits from the accumulation of fixed employee contribution balances amounting to 2.5% of the salary concerned, 7.5% from the Company, and the results of its development.

Referring to the Decree of the Board of Directors governing the Pension Fund Regulation of PT Bank Tabungan Negara (Persero) Tbk. (BTN Dapen), the amount of Pension Benefits is as high as 80% of the Basic Pension Income. (GRI 103-3, 201-3)

### Handling of Employee Complaints

A harmonious relationship between employees and management of the Company is a prerequisite for the day-to-day operations of the Company. To support employee relations and interaction, the Company has used the BTN Employee Service (iBES/HCIS) digital intelligence staffing tool that facilitates employee accessibility in staffing related arrangements. Meanwhile, to manage employee complaints or reports related to violations of labor practices and human rights within the Company, the Whistleblowing System (WBS) is used. This is regulated in the Board of Directors Circular Letter Number: 21/DIR/IAD/2014 concerning the Whistleblowing System of PT Bank Tabungan Negara (Persero) Tbk.

The regulation also regulates the WBS mechanism which is as follows:

- a) WBS processes & mechanisms are the responsibility of the President Director and WBS Manager consisting of the WBS Committee and the WBS Monitoring Committee.
- b) The WBS Committee consists of a submission of several divisions and the WBS management unit, while the WBS Monitoring Committee consists of the President Commissioner and other members of the Board of Commissioners in the Company.
- c) Otherwise, in condition that the reported person is a member of the Board of Directors as well as a person who is affiliated 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 person is a member of the board of commissioners as well as someone who is affiliated with the commissioner, then the report can be submitted to the President Director.