

Number of Violations and Sanctions Given

No	Sanction Category	Types of Sanctions	Number of Employees					Total Employees	
			2018	2019	2020	2021	2022		2023
1	Light Sanctions	Light Letter A	22	23	27	14	9	11	106
		Light Letter B	31	15	19	28	5	15	113
		Light Letter C	24	25	47	35	6	11	148
2	Medium Penalty	Medium Letter A	18	69	62	54	8	15	226
		Medium Letter B	13	53	32	21	10	12	141
		Medium Letter C	9	45	31	16	9	10	120
3	Heavy Sanctions	Letter A Weight	2	5	10	5	3	1	26
		Letter B Weight	22	40	24	19	42	43	190
		Letter B Weight	0	0	6	3	3	1	13
TOTAL			141	275	258	195	95	119	1,083

Policy of Long-Term Performance-based Compensation to Management

Performance-based long-term compensation to management is carried out in the form of 2 (two) programs which are provided in the form of Company shares, namely:

1. Long Term Incentive (LTI)
2. Long Term Bonus

In order to improve the Company's performance in the long term so that the Bank can grow and develop well, since 2020 the Company's management has decided to provide Long Term Incentive (LTI) variable incentives/remuneration for employees at management level in the form of the provision of Shares which are given in 3 (three vestings), namely 1st vesting in 2020, 2nd vesting in 2021, and 3rd vesting in 2022, each vesting is carried out for a locked up period of 3 (three) years. In 2023, as a continuation of the previously implemented LTI program, a Long-Term Incentive policy had been issued, namely giving bonuses in the form of Company shares and carrying out a locked-up period for a maximum of 3 (three) years.

The background to the provision of the Long Term Incentive (LTI) program and long-term bonuses to employees, especially at the managerial level, is as follows:

1. To boost long-term performance, to encourage future and long-term performance.
2. To motivate the employees to contribute positively beyond the Company targets,

3. LTI is a reward program widely used in the industry to support the Company's long-term performance.

Employees receiving LTI are the holders of the key positions with strategic roles as the alignment of Corporate objectives, who also serve as the supervisor and controller of performance achieved by their respective Divisions/Regional Offices/Branch Offices. These include L1 and L2 structural positions, i.e. Head of Division, Head of Regional Office, Head of Branch, Head of Sharia Branch, Deputy / Deputy Head of Division, Deputy Regional Manager Business, Deputy Regional Manager Support, Department Head, Deputy Branch Manager and Deputy Service Manager, Commercial Banking Center (CBC) Head, CBC Manager, Commercial Risk Head, Commercial Risk Manager, Regional Loan Processing Center (RLPC) Head and equivalent positions L1 and L2 as determined by the Board of Directors.

In the process of share buyback, the Company collaborates with a securities company, PT Bahana Sekuritas, for the purchase and administration of shares enlisted under the name of each employee.

The LTI program for the employees was run in phases for 3 years in 2020, 2021 and 2022 with a total budget of Rp150 billion which can be obtained by the employees through performance target achievement and other requirements set by the Bank, with the following vesting distribution:

1. LTI phase 1/1st vesting in 2020, provided at maximum 50% of the total stock purchase budget for 3 years with 58,983,900 shares purchased on an average price of Rp958.55/share and distributed to 549 LTI recipients.

2. LTI phase 2/2nd vesting in 2021, provided at maximum 25% of the total stock purchase budget for 3 years with 15,936,000 shares purchased on an average price of Rp1,566.62/share and distributed to 599 LTI recipients.
3. LTI phase 3/3rd vesting in 2022, provided at maximum 25% of the total stock purchase budget for 3 years and to be used for BBTN share purchase in 2022.

Whistleblowing System

The Company's Violation Reporting System (WBS) policy was guided by the Minister of BUMN Regulation No.PER-2/MBU/03/2023 dated March 3, 2023, concerning Guidelines for Governance and Significant Corporate Activities of State-Owned Enterprises and the OJK Regulation (POJK) No. 39/POJK.03/2019 dated December 19, 2019 regarding the Implementation of Anti-Fraud Strategy for Commercial Banks. The Company's WBS is part of the internal control system in preventing the occurrence of irregularities and purposes to detect early and prevent the occurrence of irregularities or violations and gradually create an open, sincere, honest and responsible work climate in the Company.

Submission Mechanism of Violation Reports and WBS Channel

The mechanism for submitting violation reports through WBS is carried out by reporting/ disclosing complaint and sending it based on indications who is the violator, including:

1. In case the Reported Party is the Company's employee up to 2 (two) levels below the Board of Directors and is not a member of the Company's WBS Team, the Independent WBS Manager will submit a report to the Company's WBS Team.
2. In case the reported party is a Bank employee 1 (one) level below the Directors and is not part of the WBS Team, the Independent WBS Manager will submit a report to the President Director.
3. If the reported party is the WBS Team, then the Independent WBS Manager will submit a report to the Main Director.
4. If the reported party is the Board of Directors, the Independent WBS Manager will submit a report to the Board of Commissioners and WBS Manager of the Ministry of State-Owned Enterprises (BUMN).
5. In case the reported party is a commissioner and/or committee under the Board of Commissioners, the Independent WBS Manager will submit a report to the Commissioners and Committee Members under the Board of Commissioners who are not related to the complaint and the WBS Manager of the Ministry of State-Owned Enterprises (BUMN) (specifically when the reported party is the Commissioner).
6. In case the reported party is a joint Commissioner, the Independent WBS Manager will submit a report to the WBS Manager of the Ministry of State-Owned Enterprises (BUMN).
7. In case the reported party is the Directors and/or Commissioners of a Subsidiary Company, the Independent WBS Manager will submit a report to the President Director of the Bank.

The Company also builds supporting infrastructure in implementing WBS policy in which reporters can submit their reports through the following media:

1. PO Box 2828 JKP 10028
2. Website: <https://idn.deloitte-halo.com/btinsiips>
3. Email: btinsiips@tipoffs.info;
4. SMS: +62 813 8870 1117
5. Whatsapp: +62 813 8870 1117
6. Telepon: +62 21-50928882
7. Faximili: +62 21-50928883

Whistleblower Protection

The Company is committed to protect to every whistleblower. Protection to the Whistleblower is provided to support the courage of the Whistleblower in reporting alleged violations and/or if there is retaliation from the Reported Person. For whistleblowers who submit WBS reports that are recognized for their accuracy and good faith, the Company can provide protection guarantees as follows :

1. Provision of free and confidential WBS Reporting Media. The reporter will get information on the status of the WBS report submitted by the Independent WBS Manager through the designated media.
2. Guarantee of confidentiality of the Whistleblower's identity, except if there is a lawsuit that requires this identity to be disclosed before a judge.
3. Protection from countermeasures from the Reported Person. This protection may include:
 - a. Physical and/or psychological protection of both oneself and one's family.
 - b. Protection of their property and family property against terror or retaliation that must be experienced.
 - c. Administrative protection in the form of postponement of promotion, dismissal, exclusion from the workplace, inappropriate transfers, including job security, etc.
 - d. Legal protection, in terms of litigation process based on the applicable provisions.

The Handling of Complaints

The Company has collaborated with Corruption Eradication Commission (KPK) of the Republic of Indonesia regarding WBS handling in an effort to eradicate corruption. The collaboration purposes to build and improve the effectiveness and efficiency of handling complaints both internally and externally that are integrated in a professional, transparent, accountable manner by prioritizing confidentiality in the context of optimizing the eradication of corruption