



GCG IMPLEMENTATION AND COMMITMENT

The Bank monitors GCG implementation through self-assessment and by appointing an independent consultant. By referring to OJK’s provisions, the results of the self-assessment show the Bank’s success in achieving rating of 2 (from a scale of 1 to 3) for the years 2021 and 2022. As a form of seriousness in implementing GCC, the Bank appointed a relevant consultant to assess or review its GCG implementation using comparative guidelines effective in the Southeast Asian region.

The Bank received the overall score for GCG implementation in 2021 (ASEAN CG Scorecard 2022) of 99.20 points with the title “Very Good,” or at Level 4 (90-99.99), 1.28 points higher than the previous year. This score means that the Bank’s corporate governance implementation has fully adopted the international standards, as required by the ASEAN Corporate Governance Scorecard (ACGS).

REVIEW OF GCG IMPLEMENTATION IN 2022

In the third year since the COVID 19 pandemic, the Bank continues to adapt and consistently carry out all obligations or fulfillment of provisions related to the implementation of GCG while still complying with applicable health protocols.

Still in an effort to assist in the enforcement of health protocols, the Bank has gradually established a bankwide meeting format that includes the Board of Directors, Board of Commissioners and Executive Officers conducted in a hybrid or virtual manner by utilizing video conference facilities. Gradually, the Board of Commissioners’ visits to branch offices that were previously conducted virtually began to be conducted physically or hybrid as a form of commitment from the Bank’s management to all employees.

As in the previous year, internal approvals from the Board of Directors or Board of Commissioners can be given through electronic memos or electronic mail, only documents that have a legally binding function are signed in person.

The General Meeting of Shareholders was held by implementing electronic proxy, and provided an opportunity for shareholders to be able to attend the meeting virtually but authorize through the eASY.KSEI application.

REVIEW OF THE IMPLEMENTATION OF GOVERNANCE GUIDELINES OF PUBLIC COMPANIES

In accordance with the Financial Services Authority Regulation (POJK) No. 21/POJK.04/2015 and Circular Letter of the Financial Services Authority (SEOJK) No. 32/SEOJK.04/2015 on Governance Guidelines of Public Companies, the following is the implementation of corporate governance aspects and principles based on the approach of “comply or explain” by the Bank:

Implementation of Governance Guidelines of Public Companies

Principle	Recommendation	Compliance	Implementation
Principle 1 Improve the Value of the GMS	1.1 Public company has technical procedures for open and closed voting, which prioritizes independence and shareholders’ interests.	Comply	Technical procedures for voting are stipulated in the Bank’s Articles of Association and guidelines each time the Bank planned to have General Meeting of Shareholders. Both documents were published on the Bank’s website and on KSEI’s e-proxy platform.

Principle	Recommendation	Compliance	Implementation
	1.2 All members of the Board of Directors and the Board of Commissioner of Public Listed Company are present at the Annual GMS.	Comply	The Annual General Meeting of Shareholders was held on 21 April 2022 and was attended by all members of the Company's Board of Commissioners and the Board of Directors, physically or virtually.
	1.3 The summary of the GMS minutes of meeting is available on the Public Listed Company's website for at least 1 year.	Comply	The summary of the GMS minutes of meeting is available on BTPN website.
Principle 2 Improve the Quality of Communication of Public Companies with Shareholders or Investors	2.1 Public Companies have the policy on communication with the shareholders or investors.	Comply	BTPN has the communication policy with shareholders or investors that covers the following: 1. Strategy 2. Program 3. Time for communication
	2.2 Public Companies discloses its communication policy with shareholders or investors through the website.	Comply	The policy on communication with shareholders is disclosed on the Bank's website. The communication policy is stipulated under the Corporate Governance Manual.
Principle 3 Strengthen the Membership and Composition of the Board of Commissioners	3.1 Determining the number of members of the Board of Commissioners takes into account the condition of the Public Company	Comply	Determining the number of members of the Board of Commissioners by considerations of the need and complexity of the Bank.
	3.2 Determining the composition of members of the Board of Commissioners with attention to the various expertise, knowledge and experience needed.	Comply	The composition of the Board of Commissioners is based on the expertise, professional experience, background to support the effectiveness of duties implementation of the Board of Commissioners.
Principle 4 Improve the Quality of Duties and Responsibilities Implementation of the Board of Commissioners	4.1 The Board of Commissioners has the policy on self-assessment to evaluate the performance of the Board of Commissioners.	Comply	BTPN has the self-assessment policy to evaluate the performance of the Board of Commissioners, covering the following: 1. Purpose and objectives of activities and assessment 2. Time of implementation 3. Benchmark or criteria used in assessment The policy is stipulated in the Work Ethics Charter of the Remuneration and Nomination Committee.
	4.2 Self-assessment policy to evaluate the performance of the Board of Commissioners, disclosed through the Annual Report of the Public Company.	Comply	The self-assessment policy is stipulated in the Work Ethics and Charter of the Remuneration and Nomination Committee, and disclosed in this 2022 Annual Report in the section of Performance Assessment of the Board of Commissioners.
	4.3 The Board of Commissioners has the policy related to the resignation of members of the Board of Commissioners if involved in financial crime.	Comply	Provisions related to the resignation of members of the Board of Commissioners if involved in financial crime is stipulated in the Board of Commissioners Manual.
	4.4 The Board of Commissioners or Committees in charge of the Nomination and Remuneration function prepares the succession policy in the nomination process of members of the Board of Directors.	Comply	The succession policy in the nomination process of members of the Board of Directors is stipulated in the Remuneration and Nomination Committee Charter.
Principle 5	5.1 Determining the number of members of the Board of Directors with consideration to the conditions of the Public Company and the effectiveness of the decision-making.	Comply	Determining the number of members of the Board of Directors is based on considerations of the needs and complexity of the Bank.
	5.2 Determining the composition of members of the Board of Directors with attention to the various expertise, knowledge and experience needed.	Comply	Composition of the Board of Directors is based on banking knowledge, expertise, professional experience, background to support the effectiveness of duties implementation of the Board of Directors.
	5.3 Members of the Board of Directors in charge of accounting or finance have expertise and/or knowledge in accounting.	Comply	BTPN Finance Director has the competency in accounting and finance, disclosed in this 2022 Annual Report in the Profile of the Board of Directors section.



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Principle	Recommendation	Compliance	Implementation
Principle 6	6.1 The Board of Directors has the policy on self-assessment to evaluate the performance of the Board of Directors.	Comply	BTPN has the self-assessment policy to evaluate the performance of the Board of Directors, among others covering the following: <ol style="list-style-type: none"> Purpose and objectives of activities and assessment Time of implementation Benchmark or criteria used in assessment The policy is stipulated in the Remuneration and Nomination Committee Charter.
	6.2 Self-assessment policy to evaluate the performance of the Board of Directors is disclosed through the Annual Report of the Public Company.	Comply	The self-assessment policy is disclosed in this 2022 Annual Report in the section on Performance Evaluation of the Board of Directors.
	6.3 The Board of Directors has the policy related to the resignation of members of the Board of Directors if involved in financial crime.	Comply	Provisions related to the resignation of members of the Board of Directors if involved in financial crime is stipulated in the Board of Directors Manual.
Principle 7 Improve Corporate Governance Aspect through Stakeholders Participation	7.1 Public Company has the policy to prevent insider trading. Provisions on the prevention of insider trading is stipulated in the Procedures for Ownership of Price Sensitive Information, Investment Transaction and Private Ownership.	Comply	Provisions on the prevention of insider trading is stipulated in the Procedures for Ownership of Price Sensitive Information, Investment Transaction and Private Ownership.
		Comply	BTPN has the Procedures on Entertainment and Gifts and Procedures on Anti-Fraud.
	7.3 Public Company has the policy on the selection and improvement of capabilities of suppliers or vendors.	Comply	The policy covers among others of the following: <ol style="list-style-type: none"> Criteria for selecting vendors Efforts to improve the capabilities of vendors Fulfillment of rights related to vendors Provisions related to selection and improvement of capabilities of suppliers or vendors are disclosed on the Bank's website.
	7.4 Public Company has the policy on the fulfillment of creditor's rights.	Comply	The policy covers considerations in entering into agreements and follow-ups in meeting obligations to creditors. The policy is disclosed on the Bank's website.
	7.5 Public Company has the policy on whistleblowing system.	Comply	The policy on the whistleblowing system includes the following: <ol style="list-style-type: none"> Types of violation that can be reported through the whistleblowing system. Means of reporting. Protection and guaranteed confidentiality of the whistleblower. Complaints handling. The party in charge of handling complaints. Results and follow-up of reports. This policy is disclosed on the Bank's website.
	7.6 Public Company has the policy on providing long-term incentive to the Board of Directors and employees.	Comply	The policy on long-term incentives for the Board of Directors and Employees is stipulated in the MESOP (Management of Employee Stock Option) SOP.

Principle	Recommendation	Compliance	Implementation
Principle 8 Improve Implementation of Information Disclosure	8.1 Public Company makes use of information technology in wider range as the media to information disclosure.	Comply	BTPN's official social media accounts: Facebook : @BankBTPNOfficial https://facebook.com/ BankBTPNofficial Twitter : @sahabatBTPN https://twitter.com/sahabatbtpn Instagram : @lifeatbtpn https://www.instagram.com/lifeatbtpn/ Youtube : Bank BTPN https://www.youtube.com/user/BTPNBank
	8.2 Annual Report of Public Company discloses the ultimate beneficial owner in Public Company's share ownership of at least 5%, in addition to disclosing the ultimate neficial owner in Public Company's share ownership through major and controlling shareholders.	Comply	Bank's Annual Report disclosed the ultimate beneficial owner in the ownership of Public Company's shares of at least 5%. Information on this is also disclosed on the Bank's website.

ASSESSMENT OF GCG IMPLEMENTATION IN 2022

Referring to OJK Regulation No.55/POJK.03/2016 and OJK Circular Letter No.13/SEOJK.03/2017 on Governance Implementation for Commercial Banks, results of the self-assessment of the Bank's GCG implementation in the year 2022 is explained further. It is an inseparable part of the report on this governance implementation.

The Assessor

The Bank's GCG implementation self-assessment was conducted by the Corporate Secretary Division in coordination with the Compliance Division, Risk Management Work Unit, Internal Audit Work Unit, and the Planning and Finance Division.

Assessment Criteria

With reference to OJK Circular Letter No.13/SEOJK.03/2017 on Governance Implementation for

Commercial Banks, the criteria used in the assessment are as follows:

1. Governance Structure
2. Governance Process
3. Governance Outcome

Implementation of the 3 (three) indicators was evaluated on these aspects: Implementation of the Duties and Responsibilities of the Board of Directors, Implementation of the Duties and Responsibilities of the Board of Commissioners, the Committees' Integrity and Duty Implementation, the Implementation of External Audit Function, the Implementation of Risk Management Function including the Internal Control System, Provision of Funds to Related Parties and Provision of Large Exposure, Transparency of Financial and Non-Financial Conditions, Governance Implementation Report and Internal Reporting, as well as the Bank's Strategic Plans.

Assessment Results

The result of the self-assessment on GCG implementation for the year 2022 was a "2" rating with a "Good" category, applied to both the individual Bank and in consolidation.

Results of Self-Assessment on Governance Implementation

	Rating	Definition of Rating
Individual	2	Good
Consolidated	2	Good

Analysis

The composite rating of 2 (two) reflects the management's "good" implementation of corporate governance. This was reflected in the adequate fulfillment of the governance principles. Should there be any weakness in implementing the corporate principles, then the management could have resolved such shortcomings with proper action.



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A. Governance Structure

1. Positive Factors of governance structure aspect of the Bank are as follows:

- The membership structure of the Board of Directors (BOD) and the Board of Commissioners (BOC) has complied with prevailing regulation.
- The incumbent members of BOD and BOC have obtained approval from General Meeting of Shareholders (“GMS”) and passed the fit and proper test of OJK (Otoritas Jasa Keuangan or the Financial Services Authority of Indonesia). Both BOD and BOC will and always maintain their each integrity, financial reputation and competence.
- Membership composition of each BOC’ Committee has complied with prevailing regulation. Role and responsibilities of each BOC’ Committee has been clearly stated in the Charter, in which are periodically reviewed.
- The Bank has established a Policy on conflicts of interest, in which is periodically reviewed.
- The Compliance Unit is supported by qualified human resources and is independent from the operations of other working unit. In addition, the appointment of the Compliance Director has complied with prevailing regulation.
- The internal audit function is supported by qualified human resources and independent from the operations of other working unit. The structure of Internal Audit Working Unit (SKAI) and SKAI Working Guidelines has complied with prevailing regulation.
- The organizational structure to support the implementation of risk management is adequate, which is supported by policies, as well as sufficient procedures and risk limits set up
- Public Accountant (AP) and the Public Accountant Office (KAP) has been appointed as the executors of the external audit function by considering their capacity, legality of the working agreement, audit scope, professional accounting standards of public accountants and communication between OJK with the said KAP has been done properly . This assignment is in accordance with the recommendations of the Audit Committee and approved by the Annual GMS on April 21, 2022. The evaluation of such assignment and performance has been submitted to OJK in June 2022 and KAP had communication with OJK in regards of audit for the period 31 December 2022 on 13 October 2022.
- The Bank has adequate written policies, systems and procedures for providing funds to related parties and large exposure, including its monitoring system and settlement of problem.
- The Bank has policies and procedures regarding procedures for implementation of transparency in financial and non-financial conditions
- The Bank has prepared the GCG Implementation report at the end of each financial year, latest for financial year of 2021
- Internal reporting has been carried out in a complete, accurate, and timely manner with the support of adequate resources and procedures.
- The Bank is furnished by a reliable information system in which is supported by competent human resources and adequate information technology (security system).
- The Bank’s strategic plan has been formulated in the Corporate Plan and Business Plan in accordance with the Bank’s vision and mission, and to be supported by the Bank’s Owner.
- With reference to OJK letter No. SR-133/PB.32/2021 dated 15 November 2021 regarding Conglomeration Status of SMBC Group in Indonesia, the Bank was removed the Integrated Governance Committee in BOC level and Integrated Risk Management Committee in BOD level, however as the follow up of OJK request for the Bank to be the Coordinator Entity of Financial Group, thus the Bank established the Corporate Governance Committee in BOC level.

2. Negative Factor of governance structure aspect of the Bank is as follow:

There is no negative factor.

B. Governance Process

1. Positive Factors of governance process aspect of the Bank are as follows:

- Management of the Bank by BOD as well as the Oversight of BOD by BOC have been performed in accordance with its duties and responsibilities as stipulated in the respective Charter, the Bank's Policies and Procedures, and the Bank's Articles of Association, which are periodically reviewed by the Bank.
- The whole GCG implementation has been completely carried out by BOD and assured by BOC.
- The Bank's Shareholders does not intervene in the management of the Bank by BOD to implement GCG principles. The Bank has established a policy and procedure as well as conducted periodically review on Communication Line between the Bank and majority shareholder of the Bank, namely Sumitomo Mitsui Banking Corporation ("SMBC")
- Each BOC's Committee has performed its duties and responsibilities in accordance with the Committee's Charter. For the improvement of the Committees performance, the Committee has conducted self assessment to the committee's performance and submitted to BOC Meeting. Assessment also be conducted towards the individually independent party followed by the revision of reference and assessment method.
- BOD and BOC members do not participate in the decision making process which contain a Conflict of Interest. To manage transaction which contain a Conflict of Interest, each party shall assess the transaction that will be entered by the Bank and a party which potentially has conflict of interest with BOD and BOC. Therefore, the List of Related Parties of the Bank can be easily accessed by the respective party.
- The function of the Compliance Director and the compliance working unit have been carried out in accordance with prevailing regulation.
- The duties and responsibilities of the Directors in relation to internal control has complied with prevailing regulation. The audit findings have been followed up with the direction of BOC, and to improve the effectiveness of the Internal Audit works. The Bank has started to conduct the review on June 2022 or 3 years after the most recently in 2019. Review of the effectiveness of Internal Audit activities has been performed in this year (2022) or 3 years since the last review performed in 2019. The review was done by PT RSM Indonesia which is an independent assessor. The result of the review is "Generally Conform" without any issue raised nor recommendation and has been submitted to Financial Services Authority (OJK) in August 2022.
- The appointed AP and KAP are able to work independently, meet the professional standards of public accountants and working agreements as well as the specified audit scope. In addition, the audit report and Management Letter has been submitted by AP to OJK.
- The duties of BOD and BOC related to the application of risk management are clearly stated in internal procedures in accordance with prevailing regulation and have been implemented prudently.
- The Bank has periodically evaluated and updated its policies, systems and procedures to comply with the prevailing regulations. The Bank has also ensured the adequate processes for the provision of funds to related parties and the provision of large amounts of funds (large exposure) to comply with the prudential banking principles, as well as making decisions regarding these matters carried out independently without intervention from related parties and / or other parties.
- The Bank has transparently disclosed the financial and non-financial conditions to the Stakeholders, and submit the reports as required by the prevailing regulation in a timely manner.
- The Bank has prepared the Bank's Business Plan for year 2022-2024 and its revision with realistically assumption, comprehensive, achievable, considering the prudential principles and has sufficient flexibility that responsiveness to internal and external changes.



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2. Negative Factor of governance process aspect of the Bank is as follow:

There are no negative factors. Nevertheless, the Bank sustainable taking the initiative and effort to improve the Governance Process in the Bank and its subsidiary, including relation of the Bank and its subsidiary with the stakeholders namely regulator and the controlling shareholders.

C. Governance Outcome

1. Positive Factors of governance outcome aspect of the Bank are as follows:

- For financial year 2021, BOD and BOC has submitted its accountability report on the implementation of its duties and responsibility to shareholders which has been released and discharged (Acquit et de charge) by the Annual GMS on April 21, 2022. Accountability report for year 2022 will be conducted through AGMS which will be held in 2023.
- Management of the Bank by BOD accompanied by the supervision of BOC, therefore the disruption to the Bank's Operational activities in semester 1 of 2022 especially due to Pandemic COVID19 and uncertain global economic situation can be reasonably managed.
- BOD and BOC Minutes of Meeting have been well documented and decisions or recommendations resulting from the Meetings have been and in the on going process.
- BOC Committee's performance has been improved, from the subject of discussion, the increased frequency of the meeting with more relevant meeting material, so BOC may provide appropriate input.
- The Bank's operational activities are free from the intervention of shareholders/ related parties/other parties which may cause a conflict of interest or incur loss to the Bank or reduce the profit of the Bank.
- The Compliance culture continues to be echoed and actively conducted, in order to improve the compliance culture and decrease the penalty from regulator at the end.

- Performance of the Internal Audit is considered significant improvement, in which the Internal Audit Unit is considered fair objective in finding problems and keep reminding the Bank to follow up the current findings.
- The Bank has implemented risk management effectively, which is aligned with the objectives, business policies, size and complexity of the business and the ability of the Bank. The Bank does not conduct business activities that exceeding the capability of capital to absorb loss risk.
- Provision of funds to related parties and the large amounts of exposure has complied with the prevailing regulation, and has been reported in a timely manner to OJK.
- The obligation to prepare reports and submit reports to OJK has performed with the content as required by the prevailing regulation. The Condition due to COVID-19 pandemic did not cause disruption on submission of report by the Bank.
- The RBB for year 2023-2025 have been prepared by BOD and approved by BOC, and it has submitted to OJK on 29 November 2022.

2. Negative Factor of governance outcome aspect of the Bank is as follow:

There are still fines imposed by the regulator towards the late submission of the reports, although the nominal was decreased from the previous semester. The Bank continuous to conduct socialization on the commitment to "Zero Penalties" and the implementation of a more active compliance culture. The Bank also implement the Root Cause Analysis towards the imposed fine or warning in order to take corrective and preventive actions to mitigate the repetition of similar issues.