

CODE OF CONDUCT OF THE NOMINATION AND REMUNERATION COMMITTEE

Referring to Bank Indonesia Regulation No.8/4/PBI/2006 dated January 30, 2006 concerning Implementation of Good Corporate Governance for Commercial Banks, Bank Indonesia Regulation No. 8/14/PBI/2006 dated October 5, 2006 concerning Amendment to Bank Indonesia Regulation No. 8/4/PBI/2006 dated January 30, 2006 concerning Implementation of Good Corporate Governance for Commercial Bank, Bank Indonesia Circular No. 9/12/DPNP dated May 30, 2007 concerning Implementation of Good Corporate Governance for Commercial Bank, the Board of Directors Decree No. 010/KEP/DIR/IV/2007 dated April 16, 2007 concerning Establishment of Remuneration and Nomination Committee as latest amended by Board of Directors Decree No. DIR/129/VI/2010 dated April 30, 2010 concerning the Amendment to the Remuneration and Nomination Committee Members, Bank Indonesia Circular No. 15/15/DPNP dated April 29, 2013 concerning Implementation of Good Corporate Governance for Commercial Banks, and Otoritas Jasa Keuangan Regulation No. 34/POJK.04/2014 dated December 8, 2014 concerning Nomination and Remuneration Committee for Issuers or Public Company, it is necessary to improve the Work Guidelines and Code of Conduct of the Nomination and Remuneration Committee as follows:

I. Definitions

1. **Nomination and Remuneration Committee** shall mean a Committee formed by and hold responsible to the Board of Commissioners in order to perform Board of Commissioners functions and duties concerning Nomination and Remuneration of members of the Board of Directors and members of the Board of Commissioners.
2. **Nomination** shall mean the appointment of someone to be promoted as member of the Board of Directors or as members of the Board of Commissioners.
3. **Remuneration** shall mean the compensation assigned and given to member of the Board of Directors and members of the Board of Commissioners in exchange for the position and role in accordance to duties, responsibilities and authorities of member of the Board of Directors and members of the Board of Commissioners.
4. **Independent Commissioner** shall mean members of the Board of Commissioners who is unrelated to the Bank and have all the requirements as Independent Commissioner, such as:
 - a. has no financial relationship with the Board of Commissioners, Directors and/or Controlling Shareholders;
 - b. has no management relationship with the Board of Commissioners, Directors and/or Controlling Shareholders;
 - c. has no shareholding relationship with the Board of Commissioners, Directors and/or Controlling Shareholders;
 - d. has no family relationship with the Board of Commissioners, Directors and/or Controlling Shareholders;
 - e. has no relationship with the Bank;which could affect ability thereof to act independently.

II. Composition and Structure of the Remuneration and Nomination Committee Member

1. Member of Remuneration and Nomination Committee shall at least consists of 3 (three) people:

- a. 1 (One) Chairman, who is also an Independent Commissioner.
 - b. Other Committee Member shall be appointed from:
 - i. Members of Board of Commissioner.
 - ii. Unrelated Parties outside the Bank, who:
 - 1) has unaffiliated relationship with the Bank, members of Board of Directors, members of Board of Commissioners, or Major Stockholders;
 - 2) has experience related to nomination and/or remuneration;
 - 3) holds no concurrent position as any Committee member in Bank.
 - iii. Persons who hold a managerial position under the Board of Directors member that handles human resources affairs.
2. Member of Remuneration and Nomination Committee shall not be appointed from members of Board of Directors.

III. Requirement of the Remuneration and Nomination Committee Member

1. Shall have integrity, good character, good morals, competency, knowledge and adequate experience according to educational background, and able to well-communicate.
2. In the event that the Remuneration and Nomination Committee Members are stipulated more than three (3) people, the Independent Commissioner Member shall be at least two (2) people.
3. Chairman of the Remuneration and Nomination Committee may only hold the concurrent position as Chairman of the Committee at most one (1) other Committee at the same Bank.

IV. Duties and Responsibilities of the Remuneration and Nomination Committee

1. Remuneration and Nomination Committee members must act independently in terms of performing duties and be held responsible to the Board of Commissioners.
2. Remuneration and Nomination Committee members have duties and responsibilities at least as follow:
 1. Related to Nomination Function
 - 1) make recommendations to the Board of Commissioners on:
 - i. composition of membership of the Board of Directors and/or Board of Commissioners;
 - ii. required policies and criteria for nomination process;
 - iii. performance evaluation policies for Board of Directors and/or Board of Commissioners;
 - 2) assist the Board of Commissioners in evaluating the performance of the Board of Directors or Board of Commissioners based on the arranged benchmarks as the evaluation indicator;
 - 3) make recommendations to the Board of Commissioners on programs for developing the capabilities of the Board of Directors and/or Board of Commissioners; and
 - 4) propose to the Board of Commissioners any candidate who might qualify as a member of the Board of Directors and/or Board of Commissioners to be submitted to the General Meeting of Shareholders (RUPS).

- 5) prepare and provide recommendations regarding systems and procedures of election and/or replacement of members of the Board of Commissioners and Board of Directors to the Board of Commissioners for submission to the General Meeting of Shareholders (RUPS).
 - 6) provide recommendation regarding independent party who will become a member of the Committee to the Board of Commissioners.
2. Related to Remuneration Function
- 1) make recommendations to the BOC on:
 - i. remuneration structure, maybe in form of:
 - salaries,
 - honorarium,
 - incentives, and/or
 - allowances
 - ii. policy on remuneration, and
 - for the members of the Board of Commissioners and/or Board of Directors for submission to the General Meeting of Shareholders (RUPS)
 - for the Executive Officers and all staffs for submission to the Director.
 - iii. amount of remuneration; and
 - 2) assist the Board of Commissioners in evaluating the performance of the Board of Directors and/or Board of Commissioners in accordance with their remunerations.
 - 3) Remuneration and Nomination Committee shall keep confidentiality of documents, data and information of the Bank.
 - 4) Other than their lawful compensation, members of the Committee are prohibited from taking any personal benefits, either directly or indirectly, from the activities of the public company.
 - 5) Member of the Board of Commissioners who is also the Chairman or Member of the Remuneration and Nomination Committee will not be given additional compensation for his or her position in the Committee outside his or her compensation as the Member of the Board of Commissioners.

V. Working Methods and Procedure of the Remuneration and Nomination Committee

1. Related to Nomination Function
 - a. Preparing composition and nomination process of members of the Directors and/or members of the Board of Commissioners.
 - b. Preparing policies and criteria required in the process of Nomination of candidates of the members of the Directors and/or the Board of Commissioners.
 - c. Assisting the implementation of the evaluation of the performance of the Members of the Directors and/or members of the Board of Commissioners.
 - d. Preparing capacity development program of the members of the Directors and/or members of the Board of Commissioners.
 - e. Reviewing and proposing candidates who are qualified as members of the Directors and/or members of the Board of Commissioners to the Board of Commissioners to be submitted to the General Meeting of Shareholders (RUPS).

2. Related to Remuneration Function
 - a. Preparing Remuneration structure for members of the Directors and/or members of the Board of Commissioners.
 - b. Preparing a policy on Remuneration for the members of the Directors and / or members of the Board of Commissioners.
 - c. Determining the amount of Remuneration for the members of the Directors and / or members of the Board of Commissioners.
3. In determining the structure, policy and the amount of Remuneration as stated in point V.2, the Committee must consider:
 - a. the remunerations applicable to the banking industry to other Bank in a similar business scale;
 - b. the duties, responsibilities, and authorities of members of the Board of Directors and Board of Commissioners in relation to the relevant company's fulfillment of its performance and goals;
 - c. the goals or performance targets of each member of the Board of Directors and Board of Commissioners; and
 - d. the balance between fixed and variable allowances.
- e. Structure, policy and amount of Remuneration, which has been determined must be evaluated by the Nomination and Remuneration Committee at least once in 1 (one) year.

VI. Implementation of the Remuneration and Nomination Committee Meeting

1. The Remuneration and Nomination Committee must hold meetings once every four months and can convene the meetings outside the specified schedule if deemed necessary.
2. Meeting for Remuneration and Nomination Committee meetings can only be held if attended by the chairman of the Committee and attended by at least 51% of total members of the Remuneration and Nomination Committee.
3. Resolution of the Remuneration and Nomination Committee Meeting shall be adopted under deliberation for consensus, in case of no deliberation for consensus is achieved, adoption of resolution shall be based on the majority vote.
4. In case of any dissent of opinion in the decision making process during the Committee Meeting as stated in point VI.3 above, it shall be clearly stated in the Minutes of the Meeting along with reasons for such dissent.
5. Results of Meeting shall be included in the Minutes of Meeting which are signed by all members of the attending Remuneration and Nomination Committee, well documented, and shall be presented in writing to the Board of Commissioners..
6. Shall submit a memorandum to the Board of Commissioners regarding the results of the Remuneration and Nomination Committee Meeting on matters of concern to the Committee.

VII. Reporting System of the Remuneration and Nomination Committee

1. Remuneration and Nomination Committee must report the implementation of its duties, responsibilities and procedures of the Nomination and Remuneration which have been implemented as stated in point IV and V to the Board of Commissioners.
2. Report as stated in point VII.1 above, constitutes as part of the Board of Commissioners' Report on the performance of its duties and shall be submitted to the General Meeting of Shareholders.
3. Bank must disclose the implementation of the functions relating to the Nomination and Remuneration in:
 - a. its **Annual Report**, which consists of:
 - 1) Bank statement of the company that it has established the Nomination and Remuneration Committee's guidelines;
 - 2) Brief explanation of the implementation of the Nomination and Remuneration Committee's duties and responsibilities during the financial year;
 - b. its **Website**, which consists of:
 - 1) the Nomination and Remuneration Committee's guidelines; and
 - 2) Brief explanation of the implementation of the Committee's duties and responsibilities during the financial year.

VIII. Term of Office and Replacement Procedures of the Nomination and Remuneration Committee Member

1. Nomination and Remuneration Committee members shall be appointed and dismissed based on resolutions of meeting of the Board of Commissioners.
2. Nomination and Remuneration Committee members shall be appointed for a certain term of office and may be reappointed.
3. Committee members' term of office shall not exceed the Board of Commissioners' term of office as stated on Bank's Article of Association.
4. Replacement of a member of the Nomination and Remuneration Committee who is not a member of the Board of Commissioners shall be conducted no later than 60 (sixty) days from the day when such member of the Nomination and Remuneration Committee can no longer carry out his/her functions.
5. The decision of appointment and dismissal of Nomination and Remuneration Committee member's shall be well documented by Bank.