
NOMINATION POLICY FOR MEMBER OF THE BOARD OF COMMISSIONERS, THE BOARD OF DIRECTORS, SHARIA SUPERVISORY BOARD AND COMMITTEE OF THE BOARD OF COMMISSIONERS

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APENDIX – REGULATION BACKGROUND**APPROVAL POLICY**

1.0 BACKGROUND

- 1.1. In accordance to the prevailing laws and regulations, one of the duties and responsibilities of the Remuneration and Nomination Committee (RNC) of a public company, including PT Bank OCBC NISP Tbk (hereinafter referred to as the "Bank") related to the nomination policy is to prepare and give recommendation on the selection system and procedure, including recommendation for prospective member (s) of the Board of Commissioners (BOC), Board of Directors (BOD) and Sharia Supervisory Board (SSB) to the BOC to be submitted to the General Meeting of Shareholders (GMS), and Independent Party of the BOC Committee to be submitted to BOC for approval.
- 1.2. There is a need for a guideline in the form of policy for the RNC to provide recommendations to the BOC on nomination of prospectives members of the BOC, BOD, SSB, and Committee of the BOC in accordance to the prevailing laws and regulations in Indonesia.

2.0 OBJECTIVE

This nomination policy of the member of the BOC, BOD, SSB, and Committee of the BOC is used as a guideline for the RNC in carrying out its duties and responsibilities regarding nomination policy to provide recommendations to the BOC on the criteria needed for nomination of the prosepective members of the BOC, BOD, SSB, and the Committee of the BOC.

3.0 SCOPE

This nomination policy of the member of the BOC, the BOD, SSB and BOC Committees (hereinafter referred to as "Policy") is a guideline that clearly establishes criteria required in the nomination of prospective members of the BOC, BOD, SSB and BOC Committees, for the RNC to provide recommendations to the BOC in accordance to the prevailing laws and regulations in Indonesia.

4.0 DEFINITION

- 4.1 Independent Commissioner is a member of BOC from outside the Bank without any financial, management, share ownership and/or family relationships with other members of the BOC, members of the BOD and /or Controlling Shareholders or any other relationships that may affect his/her ability to act independently.
- 4.2 Non-Independent Commissioner is member of BOC who is not independent commissioner.
- 4.3 Sharia Supervisory Board (hereinafter referred as SSB) is a board whose duties are to provide advices and recommendations to the BOD as well as to monitor Sharia Business Unit activities that are in line with Sharia Principles.
- 4.4 Director of Sharia Business Unit (Director of SBU) is a member of the BOD of a conventional commercial bank that manages and responsible for the operation of Sharia Business Unit.

- 4.5. Control is an act which aims to influence the management and / or policy of the company, including the Financial Services Institution (FSI), in any way, either directly or indirectly.
- 4.6. Main Party is the party that owns, manages, supervises and / or has a significant impact on the FSI.
- 4.7. Controlling Shareholder (hereinafter referred to as CS) is a legal entity, individual and/or business group:
- that owns shares of the company or Bank amounting to 25% (twenty five percent) or more of total issued shares with voting rights; or
 - that owns shares of the company or the Bank for less than 25% (twenty five percent) of the total shares issued and have voting rights but it can be proved that it has control of the company or the Bank, either directly or indirectly.
- The Bank's CS is up to the ultimate shareholders.
- 4.8. Independent Party shall be an external party of the Bank without any financial, management, share ownership and/or family relationship with the BOC, the BOD and/or CS or other relationships that may affect his/her ability to act independently.
- 4.9. Cooling off is a waiting period between end of terms of office of the person at the relevant Bank, which is from his/her effective resignation date that is declared in writing as a member of the BOD or Executive Officer or other relation with the Bank, with the effective date of his/her assignment as an Independent Party.
- 4.10. Executive Officer shall be an officer directly responsible to the BOD or exercising influence over the policy and operation of the company or Bank, including but not limited to branch manager or Division Head and Internal Audit Division Head.
- 4.11. Fit and Proper Test is a process to assess the fulfillment of the fit and proper requirement in order to obtain approval from the Financial Services Authority, against those who would control the bank through ownership and / or management of the Bank covering candidates for CS, members of the BOD, and members of the BOC. Therefore, the candidates for CS, member of the BOD and BOC of the Bank can only execute actions, duties and functions after obtaining approval from the Financial Services Authority.
- 4.12. A Financial Conglomerate is a number of FSIs that are under one group or group due to relationship in ownership or control.
- 4.13. Main Entity is the parent FSIs of a Financial Conglomerate or an FSI appointed by the CS of a Financial Conglomerate.
- 4.14. Integrated Governance is governance implementing the principle of transparency, accountability, responsibility, independency or professional and fairness integrated in Financial Conglomerate.

5.0 ROLES AND RESPONSIBILITIES IN NOMINATION

- 5.1. Remuneration and Nomination Committee (RNC)
 - 5.1.1. Provides recommendations to the BOC concerning:
 - 5.1.1.1. Composition the BOC, BOD, SSB, and BOC Committee;
 - 5.1.1.2. Policies and criteria required in the nomination process, including BOD succession policy;
 - 5.1.1.3. Performance evaluation policy for the BOC, BOD, and/or SSB member;
 - 5.1.1.4. Proposed candidate who qualifies as member of the BOC and/or the BOD and/or SSB to be submitted to the GMS; and
 - 5.1.1.5. Proposed candidate who qualifies as members of the Committee of the BOC to be submitted to the BOC.
 - 5.1.1.6. Development program for members of the BOD and/or BOC.
 - 5.1.2. Assist the Board of Commissioners in evaluating the performance of members of the Board of Directors and/or members of the Board of Commissioners based on measurements benchmarks that have been prepared as evaluation material.
- 5.2. The Board of Commissioners (BOC)
 - 5.2.1. Submits the nomination and/or replacement proposal of member (s) of the BOC and/or BOD and/or the SSB to the GMS, based on the RNC recommendation;
 - 5.2.2. Provides decision on the proposed appointment and/or replacement, or dismissal of member(s) of the Committee of the BOC, based on RNC recommendation.
- 5.3. The Board of Directors (BOD)

Makes Decree on the appointment or dismissal of member of the BOC Committee based on BOC decision.
- 5.4. General Meeting of Shareholders (GMS)

Makes decision to refuse or accept the nomination proposal of member of the BOC and/or BOD and/or the SSB submitted by the BOC.

6.0 GENERAL GUIDELINES OF NOMINATION

- 6.1. All activities of the nomination, appointment and/or replacement of members of the BOC and/or BOD, and/or the SSB and/or Committee of the BOC shall be in accordance with the prevailing laws and regulations in Indonesia and the Articles of Association of the Bank.

- 6.2. Proposal for the appointment and/or replacement of member of the BOC, BOD, and Committee of the BOC can be done at any time according to the needs of the Bank.
- 6.3. The age limit of member of the BOC and Independent Party of the BOC Committee is in accordance with the age limit determined by the BOC based on RNC recommendation.

7.0. NOMINATION GUIDELINES

7.1. THE BOARD OF COMMISSIONERS (BOC)

COMPOSITION

- 7.1.1. The number of the BOC members shall be minimum 3 (three) and not to exceed the number of the BOD, with the following composition: 1 (one) President Commissioner; 2 (two) or more Commissioners, one or more of them may be appointed as Deputy President Commissioner(s). The BOC shall be chaired by the President Commissioner.
- 7.1.2. The Board of Commissioners shall consist of Independent Commissioners and Non-Independent Commissioners.
- 7.1.3. Minimum 1 (one) member of the BOC must be domiciled in Indonesia.
- 7.1.4. Minimum 50% (fifty percent) of the BOC members shall be Independent Commissioners.
- 7.1.5. Majority or more than 50% of the BOC members does not have family relationship up to the second degree, with fellow members of the BOC and/or the BOD.
- 7.1.6. Minimum 50% (fifty percent) of the BOC members should be Indonesian citizens.

CRITERIA

- 7.1.7. The person who may be appointed as a member of the BOC is an individual who meets the requirements upon appointment and during his tenure:
 - 7.1.7.1. has good characters, moral, and integrity; at least shown by never been included in the blacklist, complies with regulatory requirements, has never been convicted of a criminal act in the form of:
 - a. Any criminal offense any where.
 - b. not included as a party that is forbidden to be the Main Party, which among others is not listed in the Disqualified List (DTL), and is committed to the development of the Bank.
 - 7.1.7.2. is legally competent;

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- 7.1.7.3. five year prior to the appointment and during his tenure:
- a. has never been declared bankrupt;
 - b. has never been a shareholder, a controlling company which is not a shareholder, member of the BOD, or the BOC who was found guilty for causing a company to go bankrupt within five (5) years prior to the date of application.
 - c. has no bad debt and/or non performing loan, among others: (1) non performing loan listed in Financial Information Service System or equivalent; (2) bad debt and /or non performing loan that has not been reported by the FSI in the Debtor Information System or equivalent, but based on the research done by banking authority it has met the criteria of bad debt based on prevailing regulations; and/or (3) a failure to fulfill obligations in settlement of the securities transaction in the Securities Company. Having a bad debt and/or non-performing loan mean when a candidate of member of the BOC: (1) has a credit and/or financial loss; and/or (2) is the controlling party, member of the BOD or BOC of the legal entity that has bad debt and/or non-performing loan.
 - d. has never been a member of the BOC and/or BOD who during his tenure: (1) ever not held the GMS; (2) his accountability as member of the BOC and/or BOD has ever been not accepted by the GMS or has ever not delivered his accountability as a member of the BOD or member of the BOC to the GMS; and (3) has ever caused a company that obtained a license, permission or registration from the OJK not fulfill the obligation to submit an annual report and/or financial reports to the OJK.
- 7.1.7.4. has a commitment to comply with laws and regulations; and supports Banking Authority policies, including no concurrent positions as members of the BOC, BOD, or Executive Officer at the banking institution, company, or other institution which exceeds the allowed prevailing regulations.
- 7.1.7.5. is not undergoing:
- a. legal process, bankruptcy process or the process of investigation or judicial process (including appeals and cassation) in a case that includes: (i) an offense in the financial services sector, (ii) a criminal act that is a criminal offense listed in the Penal Code and/or

similar Criminal Code abroad, under penalty of imprisonment of 1 (one) year or more and/or (iii) other criminal offenses punishable by imprisonment of 1 (one) year or more are corruption, money laundering, narcotics/psychotropic, smuggling, customs, excise, human trafficking, illegal arms trafficking, terrorism, counterfeiting, in the field of taxation, forestry, environment, marine and fisheries;

- b. the fit and proper test on Banking Authority; and/or
- c. reassessment process because there are indications of problems of integrity, financial standing, financial reputation, and/or competency in an FSI.

- 7.1.7.6.
- a. has adequate knowledge of banking which is relevant to his position, among others, knowledge about the rules and operations of conventional commercial bank and Islamic banking, including an understanding of the risk management respectively, and/or
 - b. has experience and expertise in banking and/or finance, among others, experience and expertise in the areas of operations, marketing, accounting, audit, finance, credit, money market, capital market, legal or experience and expertise in the field of banking supervision, as well as
 - c. has a combination of skills, knowledge and business experience, and understanding of the bank's area of operational, including ability to supervise the business of the Bank in ensuring the effectiveness and competence of the BOC, which includes but is not limited to the fields of banking, insurance, accounting, finance, law, strategic capabilities, understanding of the business, managerial experience, and mastery of prevailing regulations.

- 7.1.7.7. A candidate who will be a member of the BOC and who will serve at designated bank which is appointed as the main entity is also required to have knowledge about duties and responsibilities of the main entity as well as understanding the core business activities and major risks of FSI in the Financial Conglomerate. The appointment of the bank as the main entity and understanding of the Financial Conglomerate is based on OJK regulation on the Implementation of Integrated

Governance for Financial Conglomerate.

- 7.1.7.8. Member of the BOC who is a foreign worker is knowledgeable about Indonesia, especially on economic, cultural, and Indonesian language.
- 7.1.8. Concerning Independent Commissioner, definition of "financial relationship, management relationship, stock ownership relationships, and/or related to members of the BOC, BOD and/or CS or relationship with the Bank, which could affect his ability to act independently" is as follows:
 - 7.1.8.1. Financial Relationship is when someone receives an income as member of the BOC and/or BOD of the Bank, financial support, or loans, from: (a) a company that the CS is a member of the BOC, and/or (b) member of the BOD of the Bank; and/or (c) CS of the Bank.
 - 7.1.8.2. Management Relationship is when someone is serving as: (a) a member of the BOC or BOD at the company where the member of the BOC of the Bank becomes a member of the BOC and/or member of the BOD; (b) a member of the BOC or BOD at the company that the CS is a member of the BOC and/or members of the BOD of the Bank; and/or (c) a member of the BOC, BOD or Executive Officers at the company of the CS of Bank.
 - 7.1.8.3. Shareholding Relationship is when a person becomes a shareholder: (a) at a company that is jointly owned by members of the BOC, BOD and/or CS of the Bank, so that together become a CS in that company; and/or (b) at the company of CS of the Bank.
 - 7.1.8.4. Family Relationship is having family relationship up to the second degree, vertical as well as horizontal relationships, including parents in-law, son/daughter in-law, and brother/sister in-law, so that the term "Family" includes: (a) biological/step/adopted parents; (b) biological/step/adopted brothers and sisters together with their husbands or wives; c) biological/step/adopted children; (d) biological/step/adopted grandparents; (e) biological/foster/adopted grandchildren; (f) biological/foster/adopted brothers and sisters of parents together with their husbands or wives; (g) husband/wife; (h) parents in-law; (i) parents of son/daughter in law; (j) husband/wife of biological/step/adopted children; (k) grandparents of husband or wife; (l) husband/wife of biological/step/adopted grandchildren; (m) biological/step/adopted

brother and sister of husband or wife together with their husband or wife.

In the case of CS of the Bank is a legal entity, the family relationship between the President Director with the CS of the Bank is seen from the family relationship between a person with CS of the legal entity which is a CS of the Bank.

7.1.8.5. Relationship with the Bank that could affect the ability to act not independently is the relationship in the form:

- a. shares ownership of the Bank with a shareholding of more than 5% (five percent) of the paid-up capital of the Bank; and/or
- b. Receiving/giving earnings, financial support, or loans from/to the Bank which leads the party who gives remuneration, financial support or loan to have the ability to influence (controlling influence) the party who receive the income, financial support or loans, such as:
 - i. Affiliated Party which is a party which provides services to the Bank, including public accountant, appraiser, lawyer, and other consultant; and/or
 - ii. Financial Transaction with the Bank that may affect the business continuity of the Bank and/or the party who conducts financial transaction, such as the main debtor, main depositor, or the company which sources of funding mostly obtained from the Bank.

Main Borrower and Depositor are those according to the Bank Indonesia regulations concerning Periodic Report of the Commercial Bank;

7.1.8.6. Former BOD member or Executive Officers of the Bank or related parties of the Bank, which can affect the ability to act independently, can not become an Independent Commissioner, before undergoing a cooling off period of 1 (one) year.

Cooling off period is a grace period between the expiration of the relevant position effectively stated in writing as a member of BOD or Executive Officer of the Bank, with the appointment of the relevant person effectively as an Independent Commissioner.

- 7.1.8.7 The provision of the cooling off period as mentioned in the item 7.1.7.6 does not apply to former member of BOD or Executive Officer who have the duty to perform supervisory function for at least 1 (one) year.
- 7.1.9. Besides that, the Independent Commissioner during his tenure shall meet the following requirements:
 - 7.1.9.1. not a person who works or has the authority and responsibility for planning, directing, controlling or supervising activities of the Bank within six (6) months; except for his/her re-appointment as Independent Commissioner of the Bank for the next period;
 - 7.1.9.2. has no direct or indirect ownership in the Bank;
 - 7.1.9.3. is not affiliated with the Bank, member of the BOC, member of the BOD or majority Shareholder of the Bank; and
 - 7.1.9.4. has no business relationship, either directly or indirectly related to the business activities of the Bank;
- 7.1.10. The change of status from Commissioner to Independent Commissioner must obtain prior approval from the OJK with terms and conditions as stipulated by the Banking Authorities.
- 7.1.11. Member of the BOC may only hold another position as: (a) member of the BOC, BOD, or Executive Officer at one non-financial institution/company domiciled inside or outside the country, or (b) member of the BOC, BOD, or Executive Officer performing supervisory function at one non-bank subsidiary controlled by the Bank.
- 7.1.12. It shall not be considered as concurrent position, if: (a) the member of the BOC performs the functional tasks of shareholders of the Bank which is a legal entity in their group of businesses, and/or, (b) the member of the BOC who holds another position in a non-profit organization or institution, as long he does not ignore the duties and responsibilities as BOC member of the Bank.

TERM OF OFFICE

- 7.1.13.
 1. Members of the BOC shall be appointed and dismissed by GMS. The appointment shall be effective as of the date specified by the GMS until the closing of the third (3rd) Annual GMS after the appointment date. The appointment will be effective after obtaining written approval from OJK and/or other regulators based on prevailing laws and regulations.
 2. Term of office of the Independent Commissioner is maximum 2 (two) consecutive periods. Independent commissioner who has served for 2 (two) periods can be reappointed for the next period as long as the independent commissioner stated

that he/she is still independent to the GMS.

3. Independent Commissioner who served in the Audit Committee, can only be reappointed as the Audit Committee for 1 (one) period of the next term of office of the Audit Committee.

7.1.14. A member of BOC whose office term has ended may be reappointed with regard to the provisions stated at point 7.1.12. above

7.1.15. The statement of independence of the Independent Commissioners as stated in Point 7.1.13.2. above shall be disclosed in the Governance Implementation Report.

7.2. THE BOARD OF DIRECTOR (BOD)

COMPOSITION

7.2.1. The BOD shall at least consists of 3 (three) members, with the following composition: 1 (one) President Director; 2 (two) or more Directors. One or more of them may be appointed as Deputy President Director (s). The BOD shall be chaired by President Director.

7.2.2. All members of the BOD must be domiciled in Indonesia.

7.2.3. Majority (more than 50%) of BOD members should have experience in the operational of commercial bank with minimum of 5 years as Executive Officer.

7.2.4. Majority of BOD members is prohibited to have family relationship up to the second degree with fellow members of the BOD and/or members of the BOC.

7.2.5. Majority of BOD members must be Indonesian citizen.

CRITERIA

7.2.7. Provisions regarding the requirements and eligibility to become a member of the BOC as stated in point 7.1.7. shall apply *mutatis mutandis* to the members of the BOD.

7.2.8 Besides having knowledge and expertise as stipulated in point 7.1.7 as stated above, the prospective members of the BOD shall also have ability to perform strategic management, among others, have ability to anticipate the development of economy, finance and banking, interpret the vision and mission of the Bank, as well as analysis on the banking industry situation.

7.2.9 Member of the BOD who is foreign worker shall have knowledge of Indonesia, particularly regarding economic, cultural, and Indonesian language.

7.2.10 The President Director or Chief Executive Officer must be a party who is independent from the CS. Independence of the President Director or Chief Executive Officer can be met if the person has no

financial, management, shares holding and/or family relationship with CS of the Bank.

7.2.10.1 Financial relationship means when a person receives income, financial support, or loans from the CS of the Bank.

7.2.10.2 Management relationship is when someone is serving as member of the BOC, BOD or Executive Officer at CS of the Bank.

7.2.10.3 Shareholding Relationship is when someone becomes: (a) the shareholders on the company of CS of the Bank; and/or (b) the shareholders of the Bank together with CS of the Bank.

Shares ownership of the Bank derived from management shares option program (MSOP) in the amount of not more than 5% (five percent) of the paid up capital of the Bank, is excluded from the shareholding relationship.

7.2.10.4 Family Relationship is relationship as stated at point 7.1.8.4.

7.2.11 BOD members are prohibited from holding positions as members of the BOC, BOD or Executive Officer of the Bank, company and / or other institutions, as well as prohibited to be a member of the Remuneration and Nomination Committee, Risk Monitoring Committee and Audit Committee.

7.2.12 BOD members, both individually or jointly are prohibited from owning shares of more than 25% (twenty five percent) from the paid up capital in the Bank and/or another company.

7.2.13 With regard to the Indonesian Stock Exchange regulation, the Bank is required to have at least one Independent Director who shall be appointed by GMS and shall meet the following requirements:

7.2.13.1 does not have any affiliation with any Commissioner or other Directors of the Bank;

7.2.13.2 does not have concurrent position as Directors in other companies;

7.2.13.3 is not an Insider in the supporting institution or profession of the capital market whose service is utilized by the Bank for 6 (six) months prior to the appointment as an Independent Director;

7.2.13.4 does not have any affiliation with the CS of the Bank at least 6 (six) months prior to the appointment as the Independent Director.

- 7.2.14 Compliance Director
- 7.2.14.1 Director in charge of compliance function must meet the requirements of independence, integrity and a sufficient knowledge of the provisions of the Banking and legislation
- 7.2.14.2 Director in charge of Compliance Function is not a Director and/or Deputy Managing Director, does not hold a concurrent position as branch manager of the Bank's office located overseas.
- 7.2.14.3 Director in charge of Compliance Function is prohibited to be in charge on the following functions: business and operational risk management decision making in the business of the bank; treasury; finance and accounting of logistics and procurement of goods / services; information Technology; and internal audit.
- 7.2.15 Director of Sharia Business Unit (SBU)
- 8.2.15.1. Director of SBU can come from:
- a. a member of the BOD of the Conventional Commercial Bank conducting conventional business that has SBU, who is assigned to hold concurrent positions as Director of the SBU;
 - b. Prospective member of the BOD of Conventional Commercial Bank conducting conventional business that has SBU, who will be assigned to hold concurrent position as Director of the SBU;
 - c. Prospective member of the BOD of Conventional Commercial Bank conducting conventional business that has SBU and has been assigned as Director of SBU since the beginning with the authority and responsibility only to manage the SBU.
- 8.2.15.2. Director of SBU can hold concurrent position of Conventional Commercial Bank provided it does not cause conflict of interest.
- 8.2.15.3. In the case of Director of the SBU only in charge and responsible for managing the activities of SBU, he/she shall have the competence and commitment in the development of SBU, and has:
- a. knowledge and understanding in banking operations
 - b. experience and expertise in banking operations, Islamic banking, finance or Islamic financial;

- c. strategic management skills to develop a healthy SBU and
 - d. knowledge, understanding and capability to implement sufficient risk management;
- 8.2.15.4. In the case of Director of SBU is reviewed as less competent and lack of commitment in the development of SBU, then such appointment shall be revisited.

TERM OF OFFICE

- 7.2.16 7.2.16.1 Members of the BOD shall be appointed and dismissed by GMS. The appointment shall be effective as of the date specified by the GMS until the closing of the 3rd (third) Annual GMS after the appointment date. The appointment will be effective after obtaining written approval from OJK and/or other regulators based on prevailing laws and regulations.
- 7.2.16.2 The term of office Independent Director is two (2) consecutive periods maximum. In the case of vacant position of Independent Director, the Bank has to fill the vacant position at the latest in the next AGM or within six (6) months after the vacancy occurs.
- 7.2.17 A member of BOD whose term of office has ended can be re-appointed by taking into account the provisions stated at point 7.2.16. above.

7.3. SHARIA SUPERVISORY BOARD (SSB)

- 7.3.1 Total number of SSB members shall be minimum 2 (two) persons and maximum 3 (three) persons.
- 7.3.2. SSB is led by a Chairman who is appointed form one of the SSB members.
- 7.3.3. Membership, criteria and concurrent position, and other requirements for SSB are subject to the provisions of the Banking Authority, the Bank's Articles of Association, and SSB Charter.
- 7.3.4. SSB members shall comply with the provisions stipulated in the prevailing regulations, and must meet the following requirements:
- 7.3.4.1. Integrity, which at least includes:
- a. have good character and moral value.
 - b. have committment to comply with Islamic Banking regulations and prevailing laws and regulations.
 - c. have committment for developing sound and sustainable Islamic Banking
 - d. are not in the Disqualified List of Fit and Proper as regulated in the Fit and Proper Test Regulation

stipulated by Bank Indonesia.

- 7.3.4.2. Competency, at least have knowledge and experience in mu'amalah sharia and knowledge in banking and/or finance in general; and
- 7.3.4.3. Financial reputation, which at least covers: (a) not being included in the list of non performing credit, and (b) never been declared bankrupt or never been a shareholder, member of the BOC, or member of the BOD and/or member of management of a business entity which has been declared guilty in causing a company and/or business entity to become bankrupt in the last 5 (five) years prior to nomination.
- 7.3.5. SSB member must meet the requirements of integrity, competency, and financial reputation in accordance with the provisions of the Banking Authority on that matter.
- 7.3.6. SSB member could only hold concurrent positions as SSB member in maximum 4 (four) other Sharia financial institutions.
- 7.3.7. SSB member is appointed and dismissed by the GMS. The appointment of the SSB is effective from the date specified in the Annual General Meeting of Shareholders (AGMS) where the SSB is appointed and will expire at the closing of the third AGMS after the date of appointment of the SSB. SSB member whose term has expired may be reappointed.

THE COMMITTEE OF THE BOC

7.4. AUDIT COMMITTEE

- 7.4.1. Audit Committee shall at least consist of:
 - 7.4.1.1. 1 (one) Independent Commissioner who is concurrently the Chairman;
 - 7.4.1.2. 1 (one) Independent Party who has expertise in finance or accounting;
 - 7.4.1.3. 1 (one) Independent Party who has expertise in in law or banking.
- 7.4.2. Minimum 51% of the Audit Committee is Independent Commissioners and Independent Parties.
- 7.4.3. BOD member is prohibited to be Audit Committee member.
- 7.4.4. Audit Committee members shall meet the following requirements:
 - 7.4.4.1. Have high integrity, good character and moral, relevant capability, knowledge and experience and good communication skills.
 - 7.4.4.2. Understand the financial aspect in order to understand the activities of the Bank, financial report, business of

the bank, particularly related to services or business of the bank, audit process, risk management, and laws and regulations in the field of capital markets and banking, as well as other related regulations.

- 7.4.4.3. Is willing to enhance his competency through continuing education and professional development.
- 7.4.4.4. Shall not be an insider of professional firms such as public accounting firm, legal consultant or appraisal company or others which provide assurance services, non-assurance services, appraiser or other consulting services that provides services to the bank within last 6 (six) months.
- 7.4.4.5. Shall not be a person who works or has the authority and responsibility in planning, directing, controlling or supervising activities of the Bank within last 6 (six) months, unless an independent commissioner.
- 7.4.4.6. Shall not own the Bank' shares, directly or indirectly (if the member hold shares caused by a legal event, such shares shall be disposed within six (6) months after obtaining the shares).
- 7.4.4.7. Has no affiliation with the BOC, BOD, or majority shareholders of the Bank.
- 7.4.4.8. Has no business relationship, either directly or indirectly with the business activities of the Bank.
- 7.4.4.9. Shall comply with the Bank's Audit Committee Code of Conduct.
- 7.4.5. Committee member from Independent Party can have concurrent position as an Independent Party of other Committee member at the same Bank, other bank, and/or other companies as long as he/she: (1) meets all the competencies required; (2) meets the independence criteria; (3) can keep the Bank's confidentiality; (4) complies to the Bank's and Audit Committee's code of conduct; and (5) does not neglect his/her duties and responsibilities as a member of the Committee.
- 7.4.6. Audit Committee member from the Independent Party is considered to have expertise in finance or accounting if he/she meets the following criteria: (1) has knowledge in finance and/or accounting, and (2) has work experience at least 5 (five) years in finance and/or accounting.
- 7.4.7. Audit Committee member from the independent party is considered to have expertise in the field of banking or law if he meets the following criteria: (1) knowledgeable in the field of law and/or banking, and (2) has work experience at least 5 (five) years in the

field of law and/or banking.

- 7.4.8. Former member of the BOD or Executive Officer of the Bank or other parties who have relationship with the bank that could affect his ability to act independently cannot be an independent party as a member of the Audit Committee of the Bank before undergoing a waiting period (cooling off) for 6 (six) months. The provision of the waiting period (cooling off) does not apply to former member of the BOD or Executive Officer whose job is doing only oversight function at least 6 (six) months.
- 7.4.9. Chairman of the Audit Committee may only have concurrent chairman position of maximum 1 (one) other committee.
- 7.4.10. Chairman and members of the Audit Committee shall hold their position no longer than the tenure of BOC and may be reappointed for 1 (one) next period subject to the RNC recommendation.

7.5. RISK MONITORING COMMITTEE

- 7.5.1. The Risk Monitoring Committee (RMC) shall at least consist of:
 - 7.5.1.1. 1 (one) Independent Commissioner who is concurrently a Chairman;
 - 7.5.1.2. 1 (one) Independent Party who has expertise in finance; and
 - 7.5.1.3. 1 (one) Independent Party who has expertise in Risk Management.
- 7.5.2. At least 51% (fifty one percent) of total RMC membership consists of Independent Commissioners and Independent Parties
- 7.5.3. BOD member is prohibited from becoming RMC member
- 7.5.4. RMC members shall have good integrity, character and moral.
- 7.5.5. RMC member from the independent party is considered to have expertise in finance if he/she meets the following criteria: (1) knowledgeable in economy, finance and/or banking, and (2) has work experience in economy, finance and/or banking of at least 5 (five) years
- 7.5.6. RMC member from independent party is considered to have expertise in risk management if he/she meets the following criteria: (1) knowledgeable in risk management, and (2) has work experience in risk management of at least 2 (two) years.
- 7.5.7. Former BOD member or Executive Officer of the Bank or parties who have relationship with the Bank that could affect his ability to act independently cannot be an independent party as RMC member of the related Bank before undergoing a waiting period (cooling off) for 6 (six) months. The provisions of the waiting period (cooling off)

does not apply to former member of the BOD or Executive Officer whose job is exercising only oversight at least 6 (six) months.

- 7.5.8. Chairman of the RMC may only hold another Chairman position in no more than 1 (one) other committee
- 7.5.9. Committee member from Independent Party can have concurrent position as an Independent Party of other Committee member at the same Bank, other bank, and/or other companies as long as he/she: (1) meets all the competencies required; (2) meets the independence criteria; (3) can keep the Bank's confidentiality; (4) complies to the Bank's code of conduct; and (5) does not neglect his/her duties and responsibilities as a member of the Committee.
- 7.5.10. Members of the RMC serve until the closing of the third Annual GMS after the date of their appointment/re-appointment based on RNC recommendation.

7.6. REMUNERATION AND NOMINATION COMMITTEE

- 7.6.1. The Remuneration and Nomination Committee (RNC) shall at least consist of 3 (three) persons as follows:
 - 7.6.1.1. 1 (one) Independent Commissioner as Chairman and concurrently a member.
 - 7.6.1.2. 1 (one) Commissioner
 - 7.6.1.3. 1 (one) Executive Officer in charge of Human Resources or employee representatives, who has knowledge of the remuneration and/or nomination system as well as the Bank' succession plan.
- 7.6.2. The majority members of the RNC as stated in point 7.6.1.2. can not be from the managerial positions under the BOD who are in charge of human resources.
- 7.6.3. BOD members are prohibited from becoming RNC.
- 7.6.4. In the event of RNC members are more than 3 (three) persons, then the Independent Commissioners shall be at least 2 (two) persons.
- 7.6.5. RNC member shall have good integrity, character and moral.
- 7.6.6. RNC member who comes from outside of the Bank shall meet the requirement:
 - a. is not affiliated with the Bank, the members of the BOD, BOC, or ultimate shareholder of the Bank
 - b. has relevant experience related to Nomination and/or Remuneration; and
 - c. has no concurrent position as member of the other committees in the Bank.

- 7.6.7. BOC member who becomes the Chairman or member of the RNC is not provided additional income other than income as a member of the BOC.
- 7.6.8. Chairman of the RNC may only have concurrent position as Chairman in no more than 1 (one) other committee.
- 7.6.9. The term of office of RNC member from BOC member shall not be longer than the term of office as BOC member.
- 7.6.10. RNC members serve until the closing of the third Annual GMS after the date of their appointment/re-appointment based on RNC recommendation.

7.7. INTEGRATED GOVERNANCE COMMITTEE

- 7.7.1. In relation to the appointment of the Bank as the Main Entity of OCBC's Financial Conglomerate in Indonesia, the BOC of the Main Entity is required to establish the Integrated Governance Committee (IGC) in order to support the effective implementation of its duties.
- 7.7.2. The IGC shall at least consist of:
 - 7.7.2.1. 1 (one) Independent Commissioner who is also a chairman of one of the Main Entity's Committee as the chairman and concurrently a member;
 - 7.7.2.2. Independent Commissioner who represents and is appointed from FSI in the Financial Conglomerate as member;
 - 7.7.2.3. 1 (one) Independent Party as member;
 - 7.7.2.4. Member of the SSB from FSI in the Financial Conglomerate, as a member.
- 7.7.3. The number and composition of Independent Commissioners who are members of the IGC as described in point 7.7.2. above are according to the needs of the Financial Conglomerate as well as efficiency and effectiveness of the IGC duties with regard to at least representation of each of the financial services sector.
- 7.7.4. The membership of Independent Commissioner on the IGC described in point 7.7.2. can be either fixed or not fixed, according to the needs of the Financial Conglomerate.
- 7.7.5. The membership of Independent Commissioner, independent party and member of the SSB as described in point 7.7.2. in the IGC on Financial Conglomerate is not counted as concurrent position.

7.8. ETHICS AND CONDUCT COMMITTEE

- 7.8.1 The Committee shall comprise of at least 3 (three) members including one independent commissioner concurrently as Chairman.

- 7.8.2 The Committee Chairman can only serve concurrently as Chair of another committee.
- 7.8.3 The term of office of the Committee shall be no longer than the tenure of Commissioners and may be reappointed subject to the recommendation of RNC

8.0. GUIDELINES OF THE RECOMMENDATION

- 8.1. To provide recommendation to the BOC on the candidates who qualify as members of the BOC and/or BOD to be submitted to the AGM, the RNC must assess the fulfillment of the requirements of integrity, financial reputation and competence of the candidates. The assessment must at least include:
 - 8.1.1 the track record, including sanctions that have been given by the banks;
 - 8.1.2 bad debt/non performing loan or bankruptcy;
 - 8.1.3 background of formal and informal educations;
 - 8.1.4 achievements in the implementation of duties;
 - 8.1.5 the ability of candidates to the positions that will be held; and
 - 8.1.6 concurrent position

in order to assess the attitudes to comply with prevailing regulations, among others, by considering negative records in the law enforcement agencies and/or other authorities.

Results of the assessment as referred above shall be submitted to the Banking Authority at the time of submission of candidates for member of the BOC and/or member of the BOD.
- 8.2. The RNC, in providing recommendations to the BOC concerning the proposed candidates who qualify as members of the SSB to be submitted to the Annual GMS, and proposed candidate who qualifies as a member of the BOC Committee to be submitted to the BOC, shall consider the composition and criteria required to be a member of the SSB and/or BOC Committee members in accordance with the prevailing laws and regulations.
- 8.3. RNC member has to disclose conflict of interest with the proposed recommendation, if any.

9.0 RELATED POLICIES

- 9.1 The Board of Commissioners Charter, Policy Code CS-00001-L3.
- 9.2. The Board of Directors Charter, Policy Code CS-00005-L3.
- 9.3. The Audit Committee Charter, Policy Code CS-00002-L3.
- 9.4. The Risk Monitoring Committee Charter, Policy Code CS-00004-L3.
- 9.5. The Remuneration and Nomination Charter, Policy Code CS-00003-L3.

- 9.6. Guidelines and Work Procedures for the Sharia Supervisor Board, Policy Code UUS-00001-L3.
- 9.7. Procedure of the Appointment and Dismissal of Member of the BOC, the BOD, Sharia Supervisorit Board and Committee, Policy Code CS-00000-L5.
- 9.8. The Ethic and Conduct Committee Charter, Policy Code CS-00007-L3

10.0. EFFECTIVE DATE AND NEXT REVIEW DATE

10.1. Effective Date

This policy shall take effect upon concurrence by the BOC.

10.2. Next Review Date

This Policy will be reviewed periodically at the latest every 3 (three) years or earlier if deemed necessary with regards to the prevailing laws and regulations in Indonesia.

APPENDIX – REGULATION BACKGROUND

Regulations background which is the basis of this Policy are:

1. Law No. 40 Year 2007 dated 16 August 2007 concerning Limited Liability Company.
2. Law No. 7 Year 1992 concerning Banking as amended by Law No. 10 Year 1998 dated 10 November 1998 concerning Amendment of Law No. 7 Year 1992 concerning Banking.
3. Law No. 8 Year 1995 concerning Capital Market.
4. Law No. 21 Year 2008 dated 16 July 2008 concerning Sharia Banking
5. Law No. 21 Year 2011 concerning Financial Services Authority
6. Regulation of Bank Indonesia No. 9/8/PBI/2007 dated 13 June 2007 concerning Employment of Foreign Manpower and Knowledge Sharing Program in Banking Sector
7. Regulation of Bank Indonesia No. 11/1/PBI/2009 dated 27 January 2009 concerning Commercial Bank, as amended with Regulation of Bank Indonesia No.13/27/PBI/2011 dated 28 December 2011 concerning Changes of Regulation of Bank Indonesia concerning Commercial Bank
8. Regulation of Bank Indonesia No. 11/10/PBI/2009 dated 19 March 2009 concerning Sharia Business Unit as amended by Regulation of Bank Indonesia No. 15/14/PBI/2013 dated 24 December 2013 concerning Amendment to Bank Indonesia Regulation No. 11/10/PBI/2009 concerning Sharia Business Unit
9. Regulation of Bank Indonesia No. 11/33/PBI/2009 dated 7 December 2009 concerning the Implementation of Good Corporate Governance for Sharia Bank and Sharia Business Unit.
10. Regulation of Bank Indonesia No 14/6/PBI/2016 dated 18 June 2012 concerning Fit and Proper Test of Islamic Bank and Sharia Business Unit.
11. Regulation of Otoritas Jasa Keuangan No. 33/POJK.04/2014 dated 8 December 2014 concerning The Board of Director and the BOC of Issuers or Public Company.
12. Regulation of Otoritas Jasa Keuangan No. 32/POJK.04/2014 dated 8 December 2014 concerning Planning and Holding the General Meetings of Shareholders of Public Company as amended with Regulation of Otoritas Jasa Keuangan No.10/POJK.04/2017 dated 14 March 2017 concerning Changes of POJK No.32/POJK.04/2014 concerning Planning and Holding the General Meetings of Shareholders of Public Company.
13. Regulation of Otoritas Jasa Keuangan No 34/POJK.04/2014 dated 8 Desember 2014 concerning Nomination and Remuneration Committees of Public Companies
14. Regulation of Otoritas Jasa Keuangan No. 18/POJK.03/2014 dated 18 November 2014 concerning Application of Integrated Governance for Financial Conglomerates.
15. Regulation of Otoritas Jasa Keuangan No.21/POJK.04/2015 dated 17

- November 2015 tentang Good Corporate Governance Guidelines for Public Companies.
16. Regulation of Otoritas Jasa Keuangan No. 55/POJK.04/2015 dated 23 December 2015 concerning Establishment and Implementation Guidance of the Audit Committee.
 17. Regulation of Otoritas Jasa Keuangan No 27/POJK.03/2016 dated 22 Juli 2016 concerning Fit and Proper Test for Primary Parties of Financial Services Institutions
 18. Regulation of Otoritas Jasa Keuangan No. 55/POJK.03/2016 dated 7 December 2016 concerning Implementation of Good Corporate Governance for Commercial Bank.
 19. Regulation of Otoritas Jasa Keuangan No. 46/POJK.03/2017 dated 12 Juli 2017 concerning Implementation of Compliance Function for Commercial Bank.
 20. Decree of the BOD of the Indonesia Stock Exchange No. Kep-00001/BEI/01-2014 dated 20 January 2014 concerning Amendment to Rule No. I-A concerning Listing of Shares (Stock) and Equity-Type Securities Other than Stock Issued by the Listed Company
 21. Circular Letter of Bank Indonesia No. 9/27/DPNP dated 19 November 2007 concerning Implementation of the Utilization of Foreign Workers and Knowledge Transfer Program in Banking Sector.
 22. Circular Letter of Otoritas Jasa Keuangan No 39/SEOJK.03/2016 dated 13 September 2016 concerning Fit and Proper Test Candidate For Controlling Shareholders, member of the BOD and member of the BOC.
 23. Circular Letter of Otoritas Jasa Keuangan No.32/SEOJK.04/2015 dated 17 November 2015 concerning Good Corporate Governance Guidelines for Public Companies.
 24. Circular Letter of Otoritas Jasa Keuangan No. 13/SEOJK.03/2017 dated 17 Maret 2017 concerning Implementation of Good Corporate Governance for Commercial Bank..
 25. Circular Letter of Bank Indonesia No. 12/13/DPbS dated 30 April 2010 concerning Implementation of Good Corporate Governance for Islamic Banks and Sharia Business Unit.
 26. Circular Letter of Bank Indonesia No. 11/28/DPbS dated 5 October 2009 concerning Sharia Business Unit as amended by Circular Letter of Bank Indonesia No. 15/51/DPbS dated 30 December 2013 concerning Amendment to Bank Indonesia Circular Letter No 11/28/DPbS dated 5 October 2009 concerning Sharia Business Unit.
 27. Circular Letter of Bank Indonesia No. 14/25/DPbS dated 12 September 2016 concerning *Fit and Proper Test* of Islamic Bank and Sharia Business Unit.