
THE REMUNERATION AND NOMINATION COMMITTEE CHARTER

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INTERNAL

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1.0. BACKGROUND

In accordance with the applicable regulations, Board of Commissioners (“BOC”) is required to establish among others, Remuneration and Nomination Committee in order to support the implementation of their duties and responsibilities effectiveness. In performing it duties and responsibilities, Remuneration and Nomination Committee shall have internal policies which includes a Charter which should be known and binding every member of the Committee. Please refer to the Appendix for regulation background.

2.0 PURPOSE

The Remuneration and Nomination Charter is intended to:

- 2.1. Provide scope on duty and responsibility of the Remuneration and Nomination Committee.
- 2.2. Apply the regulations related to Good Corporate Governance as determined by the regulator which have not been covered in the Bank’s Article of Association.

3.0. DEFINITION

- 3.1. **The Board of Directors** (hereinafter referred to as BOD) is an organ of the Company which is fully responsible for the management of the Company for the interest of the Company, in accordance with the purposes and objectives of the Company and to represent the Company, both inside and outside the court in accordance with the provisions of the articles of association.
- 3.2. **The Board of Commissioners** (hereinafter referred to as BOC) is an organ of the Company which is in charge of general and / or special oversight function in accordance with the articles of association and provide advises the Board of Directors
- 3.3. **Independent Commissioner** shall be an Independent Commissioner who is coming from outside of 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.
- 3.4. **Remuneration and Nomination Committee** hereinafter referred as Committee is a Committee established by and responsible to the BOC in assisting to carry out the functions and duties of the BOC in relation to remuneration and nomination.
- 3.5. **Nomination** is the act of choosing a person as a candidate for member of Board of Directors (BOD), BOC, SSB, or independent party for a committee.
- 3.6. **Remuneration** is compensation determined and given to the member of the BOD and BOC for the position and role in accordance with the duties, responsibilities and authorities.
- 3.7. **Sharia Supervisory Board** (hereinafter referred as SSB) is a board whose duties are to provide advice and recommendations to the BOD as well as to monitor Sharia Business Unit activities in line with Sharia Principles.

- 3.8 **The Executive Officer** is an officer directly responsible to the BOD or has significant influence on the Bank's policies and/or operations, including division heads, regional heads, branch offices, functional heads of office at least equivalent to heads of branch offices, risk management unit, head of compliance working unit, and head of internal audit working unit and/or other equivalent.
- 3.9 **The Independent Party** is a party outside the Bank who has no financial relationship, management relationship, share ownership and / or family relationships with members of the BOD, BOC and/or controlling shareholder, or relationship with the Bank that may affect the ability to act independently.

4.0. MEMBERSHIP

- 4.1. The committee must consist of at least 3 (three) members:
- 1 (one) chairman, concurrently as member, who is an Independent Commissioner.
 - 1 (one) Commissioner
 - 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.
- If necessary, the Bank may add committee member(s) other than those mentioned above, which are from outside the Bank.
- 4.2. In the event that members of the remuneration and nomination committee are more than 3 (three), there shall be at least 2 (two) Independent Commissioners.
- 4.3. The majority of the Committee members as stated in point 4.1, shall not come from a managerial position under the BOD in charge of the human resources.
- 4.4. The members of the Committee who come from outside of the Bank as stated at point 4.1 shall meet the following requirements:
- a. are not affiliated with the Bank, the members of the BOD, the members of the BOC, or ultimate shareholder of the Bank.
 - b. have relevant experience related Nomination and/or Remuneration; and
 - c. have no concurrent position as members of the other committees in the Bank.
- 4.5. The members of the Committee including the Chairman shall be appointed and dismissed by the BOD based on the decision of the BOC meeting.
- 4.6. Chairman of the Committee can only serve concurrently as Chairman of maximum another committee.
- 4.7. Members of the Committee shall not be from BOD members of the same Bank or other bank.
- 4.8. Nominations for appointment and/or re-appointment of the Committee members shall be recommended by the Remuneration and Nomination Committee.
- 4.9. Each member of the Committee shall serve until the next 3rd Annual General Meeting of Shareholders from the date of his/her appointment or re-appointment.

For Committee member from the BOC, the term of office as Chairman or member shall not be longer than the term of office as a member of BOC.

The chairman and other members whose office term has expired are eligible for reappointment as referred in point 4.8, can be re-appointed as committee member.

- 4.10. If a member of the Committee resigns, or for any other reason ceases to be a Committee member which resulted in a reduced number of members below the minimum of three people, with reference to point 4.1 and 4.8, the BOC will appoint one or more new members in order to have the same original number of members before occurrence of such event.

Specifically for members of the Committee which is not derived from the BOC the replacement shall be made at least 60 (sixty) days after the members of Committee can no longer perform their function.

- 4.11. The Bank should maintain all records regarding the appointment and dismissal of Committee members.

5.0 DUTIES AND RESPONSIBILITIES

5.1. REMUNERATION SCOPE

- 5.1.1. Evaluate the remuneration policy and recommends to the BOC regarding:
- Remuneration structure, policy, and amount for BOC, BOD and SSB to be submitted to General Meeting of Shareholders (GMS);
 - Remuneration structure, policy, and amount for Executive Officers and employees as a whole to be submitted to the BOD.
 - Remuneration structure, policy, and amount for the Committee members of the BOC.
- 5.1.2. Assist the BOC to assess the performance in accordance to the suitability of remuneration received by each member of the BOD, the BOC, and/or SSB.
- 5.1.3. Make recommendations to the BOC on compensation for members of BOC, BOD, SSB and Committee after their appointment periodically.
- 5.1.4. Consider other matters which the BOC considers necessary.

5.2. NOMINATION SCOPE

- 5.2.1 Give recommendation to the BOC regarding :
- The composition of members of the BOD, BOC, and/or SSB.
 - Policy and criteria which are needed in Nomination process, including BOD succession policy.
 - Performance evaluation policy for the members of the BOD, BOC, and/or SSB.
 - System and procedures of appointment, termination and/or replacement of the members of the BOC, BOD and DPS to be proposed to the GMS.

- e. Nomination for the candidates of BOC, BOD and SSB members to be proposed to the GMS.
 - f. Candidate who is qualified as Independent Party who shall be a member of Committee.
- 5.2.2. Assist the BOC to assess the performance of the members of the BOD, BOC, and/or SSB based on benchmark that has been prepared for consideration.
- 5.2.3. Provide recommendations to the Board of Commissioners regarding the capability building program for members of the BOD, BOC and/or SSB.
- 5.2.4. The Committee shall determine the criteria to be applied in identifying candidates, reviews and approves nominations, and in doing so the Committee shall apply the following principles:
- a. The BOC shall comply with the prevailing laws, regulations and other principles in accordance to the related regulators; and
 - b. The Committee should be convinced that each candidate is fit and proper for the position and is the best candidate, most qualified for the position taking into account the candidate's track record, age, experience, capabilities and other relevant factors.
- 5.2.5. Members of remuneration and nomination committees who have a conflict of interest with the recommended proposal referred to in Item 5.2.1 above shall be obliged to disclose in the recommended proposal.
- 5.3. In performing its task, the Committee is responsible to the BOC and shall act independently.

6.0 WORK PROCEDURE

6.1. REMUNERATION SCOPE

- 6.1.1. The Committee shall carry out the remuneration procedure for the members of the BOC, BOD, SSB and/or the Committee of the BOC as stated at point 5.1.1 and 5.1.2 as follows:
- a. Develop remuneration structure in the form of salary, honorarium, incentive and allowance which are fixed and variable (no incentive/financial performance bonus for the BOC to avoid conflict of interest);
 - b. Develop policy on remuneration structure;
 - c. Develop amount on remuneration.
- Remuneration structure, policy, and amount shall be evaluated by the Committee at least once in 1 (one) year.
- 6.1.2. Prepare and evaluate policy, amount, and remuneration structure as referred to point 6.1.1. shall have feasibility, appropriateness as well as

reasonable benchmark considering:

- a. Financial performance and fulfillment of provision as required by law and potential future earnings of the Bank.
 - b. Target Performance or Performance, risk, duties, responsibilities and authorities of the BOC, BOD and/or SSB related the goals, achievement, and long-term strategies of the Bank;
 - c. Fairness with the peer group;
 - d. The short/long-term goals, strategy, and achievement of the Bank;
 - e. Remuneration that applies in Banking industry in accordance with the similar Bank's business and business scale of the Bank in the industry;
 - f. A balance allowance between fixed and variable remuneration.
- 6.1.3 For variable remuneration policies, in addition to the provision referred in 6.1.2 above, are also required the implementation of prudent risk taking.
- 6.1.4 In determining the variable remuneration policy as referred to in the 6.1.3 above, the Committee receives input from the risk management unit
- 6.1.5 Submit evaluation and recommendation results to the Board of Commissioners regarding:
- a. remuneration policy for the BOD and BOC to be submitted to the GMS; and
 - b. remuneration policy for all employees be submitted to the BOD.

6.2. NOMINATION SCOPE

- 6.2.1. The Committee shall carry out the nomination procedure for the members of the BOC, the BOD, DPS and/or the Committee of the BOC as stated at point 5.2.1, 5.2.2 dan 5.2.3 as follows:
- a. Develop the position composition and Nomination process for member of the BOD, the BOC, and/or SSB.
 - b. Develop the policy and criteria which are needed in Nomination process for candidates of the members of the BOD, the BOC, and/or SSB.
 - c. Assist the implementation of performance evaluation of the member of the BOD, the BOC, and/or SSB.
 - d. Develop a capability development program for the members of the BOD and/or the members of the BOC.
 - e. Evaluate and recommend the candidates who qualify as the members of the BOD, BOC, and/or SSB to be proposed to the GMS.

7.0 VALUES AND WORK ETHICS

- 7.1. Committee acts independently in carrying out its duties and responsibilities.
“Acts independently” is performing its duties and responsibility in accordance with the company’s purpose and needs professionally and independently, and not influenced by intervention from other parties, as well as not take and/or receive personal gain directly or indirectly.
- 7.2. Committee members shall have good integrity, character and morals as well as comply with the code of conduct of the Bank.
- 7.3. Committee members shall maintain the confidentiality of all documents, data and information of the Bank.
- 7.4. Committee members shall be objective, honest and transparent in performing their duties and responsibilities.
- 7.5. Committee members are prohibited from taking personal gain, either directly or indirectly from the Bank other than a legitimate income which may cause losses to the Bank.
- 7.6. In the event of a conflict of interest between the Bank and members of the Committee, the members of Committee are prohibited from taking actions that may cause a loss to the Bank or reduce the profit of the Bank and shall disclose the conflict of interest in each decision. Disclosure of conflict of interest shall be recorded in the minutes of meetings which at least includes the name of the party who has conflict of interest, the main issue and decision making consideration. Thus, in making decision, the relevant Committee Member declared him/herself abstained.
- 7.7. The BOC member who became a Chairman and member of the Committee shall not get additional income other than income as the BOC member.

8.0 WORK TIME

Committee members must provide sufficient time to carry out their duties and responsibilities optimally.

9.0 MEETING

- 9.1. The Committee meeting will be held periodically at least 1 (one) time in 4 (four) months.
- 9.2. The meeting can only be held if:
- a. attended by at least 51% (fifty one percent) of the total number of members including an Independent Commissioner and an executive officer who is in charge on human resources or employee representative.
 - b. 1 (one) of 51% of the total number of committee member mentioned in Point a is the Chairman.

- 9.3. The Committee may obtain such information that may be required for the remuneration of any executive officer or employee of the Bank.
- 9.4. The Committee has the rights to invite any party with relevant experience and expertise at Committee meetings if it is necessary.
- 9.5. In the event that the Committee meeting invites another party as referred to in Point 9.4, the Committee's decision-making shall remain independent.
- 9.6. Decision of the meeting shall be made based on consensus. In the event that consensus does not happen, decision-making is done by a majority vote, with principle of one (1) person 1 (one) voice.
- 9.7. Dissenting opinions which occur in the meetings shall be clearly stated in the minutes of the meeting and the reason for these differences.
- 9.8. Any resolution in writing, signed or approved by a majority of the committee shall be as effective as a resolution duly passed at a meeting of the Committee and may consist of several documents in similar form, each signed by one or more of the members of the committee. The expressions "in writing" and "signed" include approval by e-mail or facsimile by any such member of the Committee.
- 9.9. The results of the Committee meetings shall be stated in the minutes of meetings and shall be well documented.
- 9.10. Copy of the minutes of the meetings of the Committee which has been signed by the Committee members attending the meeting should be distributed to all members of the Committee and the BOC.

10.0. DISCLOSURE AND REPORTING

- 10.1. The Committee's performance shall be disclosed in the Bank's Annual Report which at least includes:
 - a. The statement that the Bank has a Remuneration and Nomination Committee Charter.
 - b. A brief description of the implementation of the Committee's duties and responsibilities in the financial year.
- 10.2. The Committee's performance shall be disclosed in the Bank's website which at least includes:
 - a. Duties and responsibility, composition and membership structure, working procedures, meetings, activity reporting system, the procedures for replacing members, term of office.
 - b. A brief description of the implementation of the Committee's duties and responsibilities in the financial year.
- 10.3. The Committee reports to the Board of Commissioners on the implementation of the remuneration and nomination duties, responsibilities and procedure.
- 10.4. The report as referred to in point 10.3 to shall be part of the report of the implementation of duties of the Board of Commissioners and presented in the General Meeting of Shareholders.

11.0 RELATED POLICIES

- 11.1 Articles of Association of PT Bank OCBC NISP Tbk. including its amendment.
- 11.2 CS – 00001 – L3 – The Board of Commissioners Charter
- 11.3 CS – 00005 – L3 – The Board of Directors Charter
- 11.4. CS – 00006 – L3 – Nomination Policy for Member of the Board of Commissioners, the Board of Directors, Sharia Supervisory Board and Committee of The Board of Commissioners.
- 11.5. CS – 00001 – L3 – Sharia Supervisory Board Charter
- 11.6. HC – 00002 – L3 – Human Capital

12.0. EFFECTIVE DATE AND NEXT REVIEW DATE

- 12.1. This Remuneration and Nomination Committee Charter shall take effect upon concurrence by the BOC.
- 12.2. This Remuneration and Nomination Committee Charter will be reviewed periodically at the latest every 3 (three) years or conduct updates if deemed necessary with regards to provisions of the prevailing laws and regulations.

APPENDIX – REGULATION BACKGROUND

Regulation background of the Remuneration and Nomination Committee Charter:

1. Law No. 40 of 2007 dated 16 August 2007 concerning Limited Liability Company.
2. Law No. 7 of 1992 dated 25 March 1992 concerning Banking as amended by Law No. 10 of 1998 dated 10 November 1998.
3. Bank Indonesia Regulation No. 11/1/PBI/2009 dated 27 January 2009 concerning Commercial Banks as amended by Bank Indonesia Regulation No. 13/27/PBI/2011 dated 28 December 2011 concerning Amendment to Bank Indonesia Regulation No. 11/1/PBI/2009 concerning Commercial Banks.
4. Bank Indonesia Regulation No. 11/10/PBI/2009 dated 19 March 2009 concerning Sharia Business Units as amended by Bank Indonesia Regulation No. 15/14/PBI/2013 dated 24 December 2013 concerning Amendment to Bank Indonesia Regulation No. 11/10/PBI/2009 dated 19 Maret 2009 concerning Sharia Business Units.
5. Bank Indonesia Regulation No. 11/33/PBI/2009 dated 7 December 2009 concerning Implementation of Good Corporate Governance for Sharia Banks and Sharia Business Units.
6. Financial Services Authority Regulation No. 33/POJK.04/2014 dated 8 December 2014 concerning the Board of Directors and the Board of Commissioners of Emiten and Public Companies.
7. Financial Services Authority Regulation No. 34/POJK.04/2014 dated 8 December 2014 concerning Nomination and Remuneration Committee of Emiten and Public Companies.
8. Financial Services Authority Regulation No. 45/POJK.03/2015 dated 28 December 2015 concerning Implementation of Corporate Governance in the Profision of Remuneration for Commercial Bank.
9. Financial Services Authority Regulation No. 29/POJK.04/2016 dated 29 July 2016 concerning Annual Report of Issuers and Public Company.
10. Financial Services Authority Regulation No. 55/POJK.03/2016 dated 7 December 2016 Implementation of Corporate Governance for Commercial Bank.
11. Bank Indonesia Circular Letter No. 11/28/DPbS dated 5 October 2009 concerning Sharia Business Unit as amended by Bank Indonesia Circular Letter 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 Units
12. Bank Indonesia Circular Letter No.12/13/DPbS dated 30 April 2010 concerning Implementation of Good Corporate Governance for Sharia Banks and Sharia Business Units
13. Bank Indonesia Circular Letter No.13/8/DPNP dated 28 March 2011 concerning Fit and Proper Test as amended by Bank Indonesia Circular Letter No. 13/26/DPNP dated 30 November 2011 concerning the Changes of Bank Indonesia Circular Letter No. 13/8/DPNP dated 28 March 2011 concerning *Fit and Proper Test*.
14. Bank Indonesia Circular Letter No. 14/4/DPNP dated 25 January 2012 concerning Commercial Banks.

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15. Bank Indonesia Circular Letter No. 14/25/DPbS dated 12 September 2012 concerning Fit and Proper Test for Sharia Banks and Sharia Business Units
 16. Financial Services Authority Circular Letter No.32/SEOJK.04/2015 dated 17 November 2015 concerning GCG Guidelines for Public Listed Companies.
 17. Financial Services Authority Circular Letter No. 30/SEOJK.04/2016 dated 3 August 2016 concerning The Form and Content of Annual Report of Issuer and Public Company.
 18. Financial Services Authority Circular Letter No. 40/SEOJK.03/2016 dated 26 September 2016 concerning the Implementation of Corporate Governance in Provision of Remuneration in Commercial Bank.
 19. Financial Services Authority Circular Letter No. 13/SEOJK.03/ 2017 dated 17 March 2017.