

Key Provisions of the Remuneration & Nomination Committee Charter



REMUNERATION AND NOMINATION COMMITTEE CHARTER

This Remuneration and Nomination Committee Charter is established as a guideline and reference for the implementation of the duties, functions, and responsibilities of the Remuneration and Nomination Committee. This Charter serves as a working framework to ensure that the remuneration and nomination processes are carried out in an objective, transparent, and accountable manner, and in accordance with prevailing laws and regulations as well as the principles of Good Corporate Governance.

With the establishment of this Charter, the Remuneration and Nomination Committee is expected to perform its role effectively in supporting the Board of Commissioners in enhancing the quality of human resource management at the level of the Board of Directors and the Board of Commissioners, as well as in promoting the achievement of sustainable corporate performance.

The Remuneration and Nomination Committee Charter consists of the following key provisions:

1. Structure and composition of membership
2. Membership requirements
3. Appointment and dismissal of committee members
4. Duties and responsibilities
5. Authorities
6. Concurrent positions
7. Committee meetings, quorum, and decision-making
8. Term of office
9. Competency
10. Working time
11. Code of ethics
12. Conflict of interest
13. Reporting
14. Performance evaluation mechanism
15. Charter review period

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1. Structure and Composition of Membership

The structure and composition of the Remuneration and Nomination Committee are established to ensure the effectiveness of the Committee in carrying out its duties and to support the implementation of good corporate governance. The provisions are as follows:

- a. The Remuneration and Nomination Committee is accountable to the Board of Commissioners in performing its duties and functions.
- b. The Remuneration and Nomination Committee shall consist of at least:
 - 1) 1 (one) Independent Commissioner;
 - 2) 1 (one) Non-Independent Commissioner; and
 - 3) 1 (one) Executive Officer responsible for the Human Resources function or 1 (one) representative of the Bank's employees.
- c. The Remuneration and Nomination Committee shall be chaired by an Independent Commissioner who concurrently serves as a member.
- d. In the event that the Bank does not have a Non-Independent Commissioner, the Remuneration and Nomination Committee must consist of at least:
 - 1) 2 (two) Independent Commissioners; and
 - 2) 1 (one) Executive Officer responsible for the Human Resources function or 1 (one) representative of the Bank's employees with a non-contract employee status.
- e. 1 (one) member of the Sharia Supervisory Board may be appointed as a member of the Remuneration and Nomination Committee in accordance with the needs and applicable regulations.
- f. In the event that the number of members of the Remuneration and Nomination Committee exceeds 3 (three) persons, the number of Independent Commissioners shall be at least 2 (two) persons.
- g. In the event that the remuneration and nomination functions are carried out by separate committees, then:
 - 1) The Executive Officer or employee representative serving as a member of the Remuneration Committee must possess adequate knowledge of the Bank's remuneration system; and
 - 2) The Executive Officer or employee representative serving as a member of the Nomination Committee must possess adequate understanding of the Bank's nomination system and succession plan.
- h. In the event that the committee performing the nomination function has not fulfilled the minimum membership requirement as referred to in point 2 above, recommendations regarding proposals for the replacement and/or appointment of members of the Board of Directors, Board of Commissioners, and/or Sharia Supervisory Board to the General Meeting of Shareholders (GMS):
 - 1) may still be accepted provided that the committee membership includes at least 1 (one) Independent Commissioner or 1 (one) Non-Independent Commissioner; or
 - 2) shall be exempted in the event that all members of the Board of Commissioners are vacant.

2. Membership Requirements

- a. Possess good character and integrity, uphold ethical values, demonstrate a high level of responsibility, and have a strong commitment to accountability in performing duties.
- b. Have a commitment to consistently comply with the Bank's internal regulations and all applicable laws and regulations.

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- c. Members originating from Executive Officers must possess adequate knowledge and understanding of remuneration systems and/or nomination systems, including the Bank's succession plan.
- d. Not be listed as having non-performing loans and/or financing, as part of fulfilling sound financial reputation requirements.

3. Appointment and Dismissal of Committee Members

The appointment and dismissal of members of the Remuneration and Nomination Committee shall be carried out by the Board of Directors based on the resolution of the Board of Commissioners' Meeting. Such decisions are determined by considering organizational needs, prevailing laws and regulations, and the principles of good corporate governance to ensure the effective implementation of the duties and functions of the Remuneration and Nomination Committee.

4. Duties, Responsibilities, and Authorities

a. Duties and Responsibilities

- 1) Implement and ensure the application of the Remuneration Policy in accordance with the provisions of the Financial Services Authority Regulations and other applicable laws and regulations.
- 2) Conduct periodic evaluations of the Remuneration Policy by considering performance aspects, risk, fairness compared with peer groups, the Bank's long-term goals and strategies, adequacy of reserve provisions as stipulated in applicable regulations, and the Bank's potential future earnings.
- 3) Submit evaluation results and recommendations to the Board of Commissioners regarding:
 - a) Remuneration Policy for the Board of Directors, Board of Commissioners, and Sharia Supervisory Board to be subsequently submitted to the General Meeting of Shareholders; and
 - b) Remuneration Policy for employees as a whole to be submitted to the Board of Directors.
- 4) Prepare and provide recommendations to the Board of Commissioners regarding the system and procedures for the selection and/or replacement of members of the Board of Directors, Board of Commissioners, and Sharia Supervisory Board to be submitted to the General Meeting of Shareholders.
- 5) Identify and provide recommendations to the Board of Commissioners regarding candidates for members of the Board of Directors, candidates for members of the Board of Commissioners, and/or candidates for members of the Sharia Supervisory Board to be submitted to the General Meeting of Shareholders.
- 6) Provide recommendations to the Board of Commissioners regarding the appointment of Independent Parties as members of the Audit Committee and members of the Risk Monitoring Committee.
- 7) Establish mechanisms and conduct objective and measurable performance evaluations of the Board of Directors, Board of Commissioners, and Sharia Supervisory Board.
- 8) Prepare documentation containing the reasons for the dismissal and/or replacement of members of the Board of Directors, Board of Commissioners, and Sharia Supervisory Board prior to the end of their term of office, to be processed in accordance with applicable regulations.

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4. Conduct assessments on the accuracy and completeness of all supporting documents or data required to fulfill the eligibility requirements of prospective management (Board of Directors, Board of Commissioners, and Sharia Supervisory Board), including verification of Personal Integrity Statements from Independent Parties.
 - b. Authorities
 - 1) Access and obtain documents, data, and information relating to employees, funds, assets, and other Bank resources required for the performance of its duties in accordance with applicable regulations.
 - 2) Engage independent parties outside the membership of the Remuneration and Nomination Committee, if deemed necessary, to provide opinions or expertise in supporting the implementation of the Committee's duties.
 - 3) Exercise other authorities granted by the Board of Commissioners provided that such authorities do not conflict with applicable laws and regulations as well as the Bank's internal policies.
5. Concurrent Positions
 - a. The Chairperson of the Remuneration and Nomination Committee may concurrently serve as the Chairperson of a committee in the Bank for a maximum of 1 (one) other committee.
 - b. Members of the Remuneration and Nomination Committee are prohibited from holding concurrent positions as members of the Board of Directors, either in the same Bank or in another bank.
6. Committee Meetings, Quorum, and Decision-Making
 - a. Meetings of the Remuneration and Nomination Committee shall be held at least 1 (one) time every 3 (three) months.
 - b. A meeting shall be deemed valid if attended by a majority of the members of the Remuneration and Nomination Committee, provided that the attendance includes at least:
 - 1) 1 (one) Independent Commissioner; and
 - 2) 1 (one) Executive Officer responsible for the Human Resources function or 1 (one) representative of the Bank's employees.
 - c. Meetings may be conducted either through face-to-face meetings or via teleconference or other communication media that enable all participants to communicate directly with each other.
 - d. Meetings conducted via teleconference must be supported by:
 - 1) Recorded evidence of the meeting proceedings, which shall be maintained and/or administered in accordance with applicable laws and regulations and/or the Bank's internal policies; and
 - 2) Compliance with other applicable provisions governing the procedures for conducting meetings.
 - e. Decisions in meetings shall be made based on the principle of deliberation to reach consensus. In the event that consensus cannot be achieved, decisions shall be made based on a majority vote, with the principle that 1 (one) person has 1 (one) vote.
 - f. In the event that the Remuneration and Nomination Committee does not include a member of the Sharia Supervisory Board, the Committee must obtain the opinion of the Sharia Supervisory Board on any discussion related to the implementation of Sharia Principles.

g. Minutes of Meeting

- 1) The results of each meeting must be documented in written minutes of meeting, which at a minimum contain the meeting agenda, attendance list, and decisions and/or discussion outcomes.
- 2) All decisions made in the meeting must be recorded and documented in the minutes of meeting.
- 3) In the event of dissenting opinions, such differences must be stated in the minutes of meeting along with the underlying reasons.
- 4) The minutes of meeting shall be signed by all members of the Remuneration and Nomination Committee who attend the meeting, whether physically or via teleconference, and shall be documented in accordance with applicable laws and regulations.
- 5) Copies of the minutes of meeting shall be distributed to all meeting participants, either directly or through electronic media, to ensure transparency and accountability.

7. Term of Office

The term of office of committees under the Board of Commissioners shall be determined in accordance with the Appointment Decree issued by the Board of Directors based on the approval of the Board of Commissioners. The determination of the term of office takes into consideration applicable laws and regulations as well as organizational needs, in order to ensure the continuity and effectiveness of the Committee's performance.

8. Competency

In addition to possessing expertise and competencies relevant to their duties, members of the Remuneration and Nomination Committee are required to continuously enhance their knowledge and professional capacity. Such competency development may be carried out through participation in training, seminars, workshops, or other relevant professional development programs.

9. Working Time

The Remuneration and Nomination Committee must allocate sufficient time to perform its duties and responsibilities effectively and optimally. The availability of adequate time is necessary to ensure that each discussion process, evaluation, and recommendation is conducted carefully, objectively, and in accordance with applicable regulations.

10. Code of Ethics

All members of the Remuneration and Nomination Committee must adhere to and comply with the Bank's Code of Ethics in performing their duties and responsibilities. Compliance with the Code of Ethics reflects the Committee members' commitment to upholding integrity, professionalism, objectivity, and the principles of good corporate governance.

11. Conflict of Interest

- a. Avoid any form of conflict of interest that may affect the execution of duties related to the management and supervision of the Bank.
- b. Committee members who perform nomination functions and have a conflict of interest with the proposed recommendations must disclose such conditions transparently in the recommendation documents.

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- c. Refuse and are prohibited from accepting instructions or requests from shareholders, affiliated parties, or other parties that:
 - 1) Request actions related to the Bank's business activities or other activities that are not in accordance with the principles of Good Corporate Governance;
 - 2) Request actions that are contrary to the law or indicate potential criminal acts;
 - 3) Request actions that may harm, potentially harm, or reduce the Bank's profits.

12. Reporting

- a. Prepare and submit reports to the Board of Commissioners for each assignment given to the Committee, including the results of task implementation, findings, and relevant recommendations.
- b. Prepare an annual report containing all activities of the Remuneration and Nomination Committee during the year, which will subsequently be disclosed in the Bank's Annual Report for the purpose of stakeholder information and governance transparency disclosure.

13. Performance Evaluation Mechanism

The performance of the Remuneration and Nomination Committee shall be evaluated by the Board of Commissioners at least once at the end of each financial year. The evaluation includes an assessment of the effectiveness of the Committee's duties, the quality of recommendations provided, compliance with applicable regulations, and the Committee's contribution to supporting the implementation of Good Corporate Governance principles.

14. Charter Review Period

The Remuneration and Nomination Committee Charter shall be reviewed periodically to ensure its relevance and alignment with regulatory developments, corporate governance practices, and the Bank's operational needs. The review shall be conducted at least once every 3 (three) years, with the objective of maintaining the effectiveness, completeness, and compliance of the Charter with the principles of Good Corporate Governance.