



## Remuneration and Nomination Committee Charter

### PT Bank Mandiri (Persero) Tbk.

#### I. BACKGROUND

In the framework of realizing good corporate governance by referring to Articles of Association of PT Bank Mandiri (Persero) Tbk. and its amendment, Law of the Government of Indonesia Number 19 of 2003 regarding BUMN (State Owned Company), and the provisions of Bank Indonesia particularly those as stipulated in Regulation of Bank Indonesia Number 8/4/PBI/2006 dated January 20, 2006 regarding Implementation of Good Corporate Governance for Commercial Bank, as has been amended with Regulation of Bank Indonesia Number 8/14/PBI/2006 dated October 5, 2006; as it is regulated in article 12 paragraph 1 which states that the Board of Commissioners is obligatory to establish Remuneration and Nomination Committee in the framework of supporting the effectiveness of implementing its duties and responsibilities.

#### II. FUNCTION, AUTHORITIES AND RESPONSIBILITIES

##### 1. Function

To assist the Board of Commissioners for being able to submit suggestions to the shareholders of Dwiwarna A series in case of :

- 1.1. To prepare, implement and analyze the criteria of procedure of nomination for the candidate of Board of Commissioners and Board of Directors.
- 1.2. To identify the candidates of Board of Directors both from within and from outside and the candidate of Board of Commissioners complying with the requirements for submission / appointment to become Director or Board of Commissioners.
- 1.3. To prepare criteria of evaluation of performance of Board of Directors.
- 1.4. To prepare, implement and analyze the criteria and procedure of discharging the Board of Commissioners and or the Board of Directors.
- 1.5. To assist the Board of Commissioners in proposing a suitable remuneration system for the Board of Commissioners and Board of Directors in the form of remuneration system and providing facilities and allowances, evaluation against such system, option as provided and pension system.

##### 2. Authority

- 2.1. To request PT Bank Mandiri (Persero) Tbk. for conducting survey according to the needs of Committee for Nomination and Remuneration.
- 2.2. To request information on matters as required from various parties both within and outside of PT Bank Mandiri (Persero) Tbk.

##### 3. Duties and Responsibilities

- 3.1. The Committee has the duties and responsibilities for executing the matters as follows:





- 3.1.1. To prepare the concept and analysis relating to the function of the Committee for Remuneration and Nomination.
- 3.1.2. To assist the Board of Commissioners for providing recommendation concerning total members of Board of Commissioners and Board of Directors.
- 3.1.3. To assist the Board of Commissioners in stipulating general policy on Human Resources.
- 3.1.4. To recommend the approval for change of organizational structures up to one level below the Board of Directors.
- 3.1.5. To assist the Board of Commissioners to acquire and analyze the data of prospective candidate of Board of Directors from the talent pool of official of one level below the Board of Directors.
- 3.1.6. To assist the Board of Commissioners in providing recommendation concerning option to the Board of Commissioners, Board of Directors and Employee, among others share option as well as supervision in its implementation.
- 3.1.7. To possess data base and talent pool of candidates of members of Board of Directors and Board of Commissioners.
- 3.1.8. To conduct evaluation against the policy on remuneration and providing recommendation to the Board of Commissioners concerning :
  - 3.1.8.1. Remuneration policy for the Board of Commissioners and the Board of Directors for submission to the General Meeting of Shareholders.
  - 3.1.8.2. The policy on remuneration for Executive Official and Employee in its entirety for submission to the Board of Directors.
- 3.1.9. To prepare and provide recommendation concerning system as well as procedure of election and/or change or members of Board of Commissioners and Board of Directors to the Board of Commissioners for further submission to the General Meeting of Shareholders.
- 3.1.10. To provide recommendation concerning candidates for members of Board of Commissioners and/or Board of Directors to the Board of Commissioners for submission to the General Meeting of Shareholders and/or the regulator.
- 3.1.11. To provide recommendation concerning independent party who will become the member of Audit Committee as well as Committee for Risk Monitoring and Good Corporate Governance.
- 3.2. The Chairman of Committee has the duties and responsibilities for coordinating the implementation of committee meeting and proposing the agenda as well as the materials of meeting.
- 3.3. Member of Committee has the duties and responsibilities for :
  - 3.3.1. Organizing meeting regularly;
  - 3.3.2. Studying the materials of meeting in advance;





- 3.3.3. Attending the meeting;
- 3.3.4. Providing contribution and active role;
- 3.3.5. Preparing minutes of meeting (secretary).

### III. MEMBERSHIP AND RULES OF ORDER

#### 1. Membership

Referring to Regulation of Bank Indonesia Number 8/4/PBI/2006 dated January 30, 2006 concerning Implementation of Good Corporate Governance for Commercial Bank of Article 3, as has been amended with Regulation of Bank Indonesia Number 8/14/PBI/2006 dated October 5, 2006, the Decree of Commissioner Number KEP.KOM/004/2010 dated October 6, 2010 regarding the Establishment of Committee and Stipulation of Member of Committee under the Board of Commissioners has decided that the Chairman and Member of Committee for Remuneration and Nomination, which will further be appointed by the Board of Directors of Bank Mandiri (Persero) Tbk. based on the Decree of Board of Directors Number KEP.DIR/263/2011 dated October 28, 2011, regarding the Appointment of Members of Committees under the Board of Commissioners.

- 1.1. Member of Committee for Remuneration and Nomination shall at least comply with the qualifications as follows :
  - 1.1.1. To have high integrity, objectivity and ethics.
  - 1.1.2. To have high competency in case of :
    - a. Having adequate knowledge including the provisions as well as the prevailing laws and regulations.
    - b. Understanding the concept of human resources management comprehensively and having knowledge concerning the provisions of remuneration and/or nomination system as well as Bank succession plan.
  - 1.1.3. Able to behave independently, namely able to execute the duties professionally without conflict of interest and influence/pressure from any party whatsoever that is not in conformity with the prevailing laws and regulations and the principles of sound corporation.
- 1.2. Member of Committee for Remuneration and Nomination shall consist of at least 1 (one) person from the Board of Independent Commissioners, 1 (one) person from the Board of Commissioners as voting member and Group Head Human Capital (ex officio) as non-voting member.
- 1.3. Committee for Remuneration and Nomination shall be chaired by the Board of Independent Commissioners.
- 1.4. In the event that the member of Committee for Remuneration and Nomination is stipulated more than 3 (three) persons, then the members of Board of Independent Commissioners shall have total members of at least 2 (two) persons.





- 1.5. In the event it is required, the Committee for Remuneration and Nomination may appoint a member originating from outside party which is independent against Bank Mandiri.
- 1.6. The member of Committee for Remuneration and Nomination is appointed by the Board of Directors based on the decision of meeting of Boards of Commissioners.

## **2. Meeting and Reporting**

- 2.1. The meeting shall be attended by all members and if necessary it can be attended by members with voting right (voting member).
- 2.2. The meeting can only be implemented in the event it is attended by at least 51% (fifty one percent) of total members including one member of Board of Commissioners and Group Head Human Capital Group.
- 2.3. The meeting of Committee for Remuneration and Nomination shall be organized according to the needs and assignment from the Board of Commissioners, at least 2 (two) times in 1 (one) year.
- 2.4. The meeting shall be presided over by the Chairman or member who is appointed by the members who are present, in the event that the Chairman is impeded.
- 2.5. The Resolution of Meeting shall be conducted based on consultation to achieve an agreement. In case that the consultation to achieve an agreement has not occurred, the adopted decision shall be conducted based on majority votes.
- 2.6. The result or the resolution of meeting is obligatory to be laid down in the minutes of meeting which is signed by the whole members who are present and it is documented properly.
- 2.7. Dissenting opinion as occurred in the meeting is obligatory to mention clearly in the minutes of meeting along with the reason of such dissenting opinions.
- 2.8. The committee has to prepare a report to the Board of Commissioners for each assignment as provided and or for each issue as identified for requiring attention from the Board of Commissioners or at least 2 (two) times in 1 (one) year.

## **3. Term of Office and Compensation**

- 3.1. The term of office of member of Committee for Remuneration and Nomination may not longer than the term of office of the Board of Commissioners and it can be reappointed for the following period.
- 3.2. The member of Committee for Remuneration and Nomination originating from the outside party shall be provided with monthly honorarium which amount is stipulated by the Board of Commissioners.

## **IV. NOMINATION AND REMUNERATION SYSTEM**

### **A. Nomination Guidelines**

One of the duties of the Committee for Remuneration and Nomination is preparing a nomination system for the members of Board of Directors and Board of Commissioners of the Company which will become part of the Policy of Good Corporate Governance of the





Company as well as it will become guidelines for the Board of Commissioners and General Meeting of Shareholders in stipulating remuneration and nomination of members of Board of Commissioners and Board of Commissioners..

### **1. Basic Principle**

#### **1.1. Requirements for Board of Directors and Board of Commissioners**

Candidate for member of Board of Directors and Board of Commissioners has to comply with the requirements as stipulated in the Articles of Association of Company and the prevailing laws and regulations such as Law on Limited Liability Company, Law on Banking and Law on Capital Market as well as other provisions.

#### **1.2. Candidacy and Submission of candidate for Board of Directors and Board of Commissioners**

The candidate of member of Board of Directors and Board of Commissioners shall be submitted through selection by observing the requirements as above mentioned.

### **2. Procedure of Selection**

2.1. Committee for Remuneration and Nomination shall identify the candidate who complies with the criteria.

2.2. The Board of Commissioners based on recommendation from the Committee for Remuneration and Nomination shall submit the proposed candidate to the shareholders of Dwiwarna A Series.

2.3. The selection implementation shall be conducted prior to the termination of term of office or requested by the Board of Commissioners, or if there is any vacant position.

### **3. Requirements and Criteria**

The requirements and criteria of candidate for member of Board of Directors and/or Board of Commissioners according to those as regulated in Articles of Association of Company and other prevailing provisions, namely as follows :

3.1. Those that can be proposed to become members of Board of Directors and/or Board of Commissioners are individual who is able to perform legal deed and has never been declared bankrupt or declared guilty which has caused a company is declared bankrupt, or the person who has ever been punished due to conducting criminal act which adversely affect the State finance within the period of 5 (five) years prior to his/her appointment, one and another by observing the prevailing laws and regulations.

3.2. Not having blood family relationship up to the third degree, both according to the straight line and the side line or in in-law family relationship (son/daughter in-law or brother/sister in-law) with other members of Board of Directors or Board of Commissioners.





- 3.3. Not included in the list of disgrace person in banking sector according to those as stipulated by the bank supervisory authority.
- 3.4. Having good integrity in the sense of :
  - a) Having good moral and morality.
  - b) Complying with the prevailing laws and regulations.
  - c) Having high commitment against the development of sound bank operations.
  - d) It is evaluated appropriate and fair to become member of Board of Directors and/or Board of Commissioners.
- 3.5. The evaluation on integrity in point 3.4. is conducted by evaluating the candidate in the sense of never conducting the matters as mentioned below :
  - a) Banking manipulation and practices which are deviating from banking provisions.
  - b) Any deed which is categorized not complying with the commitment as has been mutually agreed by Bank Indonesia or the Government.
  - c) Deed as categorized to provide profit to the Owner, management, employee and or other parties which may adversely affect or reducing the Bank profit.
  - d) Any deed which can be categorized as violation to the provisions relating to the principle of prudence in banking sector.
  - e) Any deed of the management and executive official which can be categorized as not independent.
- 3.6. Complying with the criteria of competency in the sense of possessing :
  - a) Adequate knowledge in banking sector.
  - b) Experience and expertise in banking sector and or financial institution.
  - c) Capability for conducting strategic management in the framework of sound bank development.
- 3.7. Beside the criteria as mentioned in point 3.6 above it is better to comply with additional criteria as follows :
  - a) Having capability of leadership which is supported by knowledge in the sector of economy, accounting and law.
  - b) For the Board of Commissioners it is also added with criteria to have experience in the sector of banking supervision or other financial institution.
  - c) For the member of Board of Directors it is also added with criteria to have experience for at least 3 (three) years as senior management in banking or other financial institution.





#### **4. Evaluation on the performance of Board of Directors and Board of Commissioners**

##### **4.1. Evaluation on Performance of Board of Directors**

4.1.1. The Committee for Remuneration and Nomination is required to prepare a guideline which can be used by RUPS (General Meeting of Shareholders) in conducting evaluation against the performance of the Board of Directors.

4.1.2. Each Director shall sign Key Performance Indicator (KPI).

4.1.3. Evaluation for achieving KPI is conducted once in 6 (six) months.

4.1.4. The result of evaluation on committee for Remuneration and Nomination for KPI achievement is reported to the Board of Commissioners.

##### **4.2. Evaluation on the Performance of the Board of Commissioners**

The evaluation on the performance of the Board of Commissioners is implemented by way of self evaluation assessment.

#### **B. Remuneration System**

One of the duties of the Committee for Remuneration and Nomination is preparing a remuneration system for the members of Board of Directors and Board of Commissioners which will become part of the Guidelines on the Policy of Good Corporate Governance as well as will become the guidelines for the Board of Commissioners and the General Meeting of Shareholders (RUPS) in stipulating the remuneration of members of Board of Directors and Board of Commissioners.

##### **1. Basic Principle**

1.1. The policy of remuneration constitutes one of the important factors for obtaining and/or maintaining the Employee, Executive Official, members of Board of Directors and Board of Commissioners who have qualified competency.

1.2. The stipulation of remuneration for such Employee, Executive Official, members of Board of Directors and Board of Commissioners, the Committee needs to consider among other the matters as follows :

1.2.1. The result of benchmarking remuneration of the Employee, Executive Official, members of Board of Directors and Board of Commissioners with the same type of industry (peer group)

1.2.2. Size and complexity of company operation.

1.2.3. Remuneration consists of salary, honorarium/benefit which can be standardized, namely Religious Holiday Allowance (THR), annual leave, service house, service vehicle, health facilities, and utilities as well as other benefits; whereas the remuneration which is based on performance is bonus/incentive for employee and Tantiem "Percentage of Profit" for Board of Directors and Board of Commissioners.





- 1.2.4. The policy on remuneration is obligatory at least to observe :
  - 1.2.4.1. Financial performance and compliance of reserve as regulated in the prevailing laws and regulations;
  - 1.2.4.2. Individual work achievement should achieve equality between work result with the compensation received;
  - 1.2.4.3. Fairness with peer group; and
  - 1.2.4.4. Consideration on Bank long-term target and strategy.

## **2. Policy on Remuneration**

- 2.1. Components on Remuneration consist of :
  - 2.1.1. Long term remuneration consists of :
    - 2.1.1.1. Salary and honorarium (Board of Commissioners)
    - 2.1.1.2. Benefit
    - 2.1.1.3. Bonus/incentive (Employee) and Tantiem “Percentage of Profit” (Board of Directors and Board of Commissioners)
  - 2.1.2. Long Term Remuneration
    - A component of remuneration which is based on care for going concern of company consists of :
      - 2.1.2.1. Stock Option Plan
      - 2.1.2.2. Post Position Indemnity
      - 2.1.2.3. Other Long Term Incentives

## **3. Procedure on Stipulating Remuneration**

- 3.1. The Committee shall provide proposal or recommendation to the Board of Commissioners concerning the policy on remuneration which is appropriate for stipulation.
- 3.2. The proposal or recommendation for stipulating remuneration for the Board of Directors and Board of Commissioners as submitted by the Committee upon being analyzed by the Board of Commissioners has to be submitted to the shareholders of Dwiwarna A Series.
- 3.3. The proposal or recommendation for stipulating remuneration for employee and Executive Official by the Committee to the Board of Commissioners for further submission to the Board of Directors.
- 3.4. The Committee is obligatory to conduct review on the policy of remuneration for minimally once in a year, both requested and not requested by the Board of Commissioners.

## **V. CLOSING**

This Charter of Committee for Remuneration and Nomination shall take effect on the date of stipulation under the provision that in the event at a later date it is found any mistake therein, it will be conducted correction.

