



## Charter of Remuneration & Nomination Committee PT Bank Mandiri (Persero) Tbk.

### 1. General Purpose

The Remuneration and Nomination Committee was established by the Board of Commissioners of PT Bank Mandiri (Persero) Tbk to assist in implementation of the duties and supervisory functions of the Board of Commissioners.

### 2. Basic Regulations

Establishment of the Remuneration and Nomination Committee guided and based on applicable laws and regulations as well as best practices that can be applied in banking institutions in Indonesia.

### 3. Duties, Responsibilities and Authority

#### 3.1. Duties and Responsibility

The Remuneration & Nomination Committee acts independently in carrying out its duties and responsibility. In implementing its duties, the Remuneration and Nomination Committee responsible to the Board of Commissioners.

##### 3.1.1. Related to the Nomination function :

- 1) Evaluate and provide recommendations to the Board of Commissioners on the Board of Directors' proposal regarding the Company's organizational structure.
- 2) Provide recommendations to the Board of Commissioners regarding the composition of positions of members of the Board of Directors and/ or Board of Commissioners and/ or Supervisory Board.
- 3) Identify candidates for members of the Board of Directors and/ or candidates for members of the Board of Commissioners both from within and outside the Company who are eligible to be proposed/ appointed as members of the Board of Directors or members of the Board of Commissioners.
- 4) Develop or evaluate and provide input to the Board of Commissioners regarding policies, criteria and qualifications required in the Nomination process in accordance with the Company's strategic plan.
- 5) Develop a system and procedure for the election and/or replacement of members of the Board of Directors and/or Board of Commissioners to be submitted to the GMS.
- 6) Provide proposals for the appointment, dismissal, and/or replacement of members of the Board of Directors and/or members of the Board of Commissioners to the GMS.
- 7) Assist the Board of Commissioners in obtaining and/or analyzing data on prospective candidates for members of the Board of Directors from the talent pool of executives one level below the Board of Directors.
- 8) Having a data base and talent pool of candidates for members of the Board of Directors and candidates for members of the Board of Commissioners.



- 9) Develop, implement, and analyze the criteria and procedures for dismissal of the Board of Commissioners and/or the Board of Directors.
- 10) Assess independent parties who will become members of the Supporting Committee of the Board of Commissioners and provide recommendations to the Board of Commissioners.

3.1.2. Related to Performance Management function :

- 1) Develop or evaluate and provide input to the Board of Commissioners regarding the Performance Assessment Policy for members of the Board of Directors and/or members of the Board of Commissioners.
- 2) Prepare proposals for individual performance assessment system for members of the Board of Directors and/or members of the Board of Commissioners.
- 3) Evaluate the proposed Key Performance Indicators (KPI) of individual members of the Board of Directors.
- 4) Assisting the Board of Commissioners in performance assessment of members of the Board of Directors and/or members of the Board of Commissioners based on benchmarks that have been prepared as assessment materials.

3.1.3. Related to the Remuneration unction :

Provide recommendations to the Board of Commissioners regarding:

- 1) Assisting the Board of Commissioners in proposing an appropriate remuneration system for members and/or members of the Board of Commissioners in the form of a payroll/honorarium system, provision of facilities, benefits, bonuses/incentives/tantiem, pension system, assessment or evaluation of the system and the options provided.
- 2) Evaluate the remuneration policy based on performance, risk, fairness with peer groups, goals and long-term strategies of the Company, fulfillment of reserves as stipulated in laws and regulations and potential future income of the Company.
- 3) Evaluate the Remuneration Policy for Employees that requires approval/response from the Board of Commissioners.
- 4) Ensure that the Remuneration Policy is in accordance with applicable regulations including the Regulations of the Minister of State-Owned Enterprises, Regulations of the Financial Services Authority, and other relevant prevailing laws and regulations.
- 5) Submitting evaluation results and recommendations to the Board of Commissioners regarding the Remuneration Policy for the Board of Directors and/or Board of Commissioners to be submitted to the GMS.
- 6) Submitting the overall Remuneration Policy for Employees to be submitted to the Board of Directors.
- 7) Conduct periodic evaluations of the implementation of the Remuneration Policy.

3.1.4. Related to the Development function :

- 1) Prepare proposals for Development Programs for members of the Board of Directors and/or members of the Board of Commissioners/Supervisory.
- 2) Conducting periodic reviews of the Company's Talent Management System, as well as monitoring and evaluating its implementation.



- 3) Evaluate the system and procedure of Talent Classification conducted by the Board of Directors.
- 4) Validating and calibrating the Talents proposed by the Board of Directors to the Board of Commissioners/Supervisory Board (Selected Talent) to produce a list of Talents to be nominated by the Board of Commissioners/Supervisory Board to the GMS/Minister of SOEs (Nominated Talent).
- 5) Evaluate the Company's Representative Candidates who will be proposed as members of the Board of Directors or members of the Board of Commissioners of Financial Services Institutions (FSIs) in the Financial Conglomeration, before being submitted to the GMS/Minister of SOEs.

### 3.2. Authority

- 3.2.1. Communicating with the Head of Unit and other parties in the Company to obtain information, clarification and requesting the required documents and reports.
- 3.2.2. Requesting the Company to conduct surveys according to the needs of the Remuneration and Nomination Committee.
- 3.2.3. Accessing records or information about employees, funds, assets and other company resources related to the implementation of their duties.
- 3.2.4. Obtaining input and or suggestions from outside parties of the Company relating to their duties.
- 3.2.5. Performing other authorities granted by the Board of Commissioners.

### 3.3. Work Procedures

In conducting out its authority, duties and responsibilities, the Remuneration and Nomination Committee :

- 3.3.1. Cooperate and coordinate with the human capital management unit and other related work units in the talent pool nomination process for directors.
- 3.3.2. Cooperate and coordinate with the Risk Management Unit in the process of determining variable remuneration policies for the Board of Directors and the Board of Commissioners.
- 3.3.3. With approval and/or through the Board of Commissioners, may request outside assistance for special and highly technical examination.
- 3.3.4. Coordinating with other committees under the Board of Commissioners.
- 3.3.5. In performing their duties and responsibilities, members of the Remuneration and Nomination Committee may conduct a working visit to the field.

## 4. Composition, Structure, Membership Requirements and Tenure

### 4.1. Appointment of Remuneration and Nomination Committee Members

- 4.1.1. Members of the Remuneration and Nomination Committee are appointed and dismissed by the Board of Commissioners based on the decision of meeting of Board of Commissioners, as well determined through a decision letter of the Board of Directors.
- 4.1.2. The appointment and dismissal of members of the Remuneration and Nomination Committee is reported to the GMS.

### 4.2. Composition and Structure

- 4.2.1 The Remuneration and Nomination Committee consists of at least 3 (three) people with a composition of 1 (one) Independent Commissioner as Chair and

member, 1 (one) Commissioner, and 1 (one) Executive Officer who is in charge of the Resources function. Human or 1 (one) Representative officer (ex officio) as a non-voting member.

- 4.2.2 The Executive Officer in charge of Human Resources or employee representatives who are members of the Committee must have knowledge of the Company's remuneration and/or nomination system and succession plan.
- 4.2.3 When there are more than 3 (three) members of the Remuneration and Nomination Committee, the members of the Independent Commissioners shall be no less than 2 (two) people.
- 4.2.4 If necessary, the Remuneration and Nomination Committee can appoint Committee Members from Independent Non-Commissioner Parties
- 4.2.5 Replacement of members of the Remuneration and Nomination Committee from Independent Non-Commissioner Parties is carried out no later than 60 (sixty) days after the members of the Remuneration and Nomination Committee are no longer able to carry out their functions.

#### 4.3 Membership Requirements

##### 4.3.1 General Requirements

- 1) Having integrity, character and good morals.
- 2) Does not have personal interests/relationships that can cause negative impact and conflict of interest towards Company.

##### 4.3.2 Competency Requirements

- 1) **Having sufficient expertise, ability, knowledge and experience related to their duties and responsibilities, specifically related to the provisions of the Bank's remuneration and/or nomination system and succession plan.**
- 2) Able to work together and have the ability to communicate well and effectively and are willing to provide sufficient time to carry out their duties.
- 3) Have adequate knowledge of the Company's Articles of Association, laws and regulations in the banking sector, Capital Market, SOEs and other relevant laws and regulations.
- 4) has fulfilled the certification and other qualification requirements as regulated in the relevant applicable regulations
- 5) Willing to increase competencies continuously through education and training.

##### 4.3.3 Independence Requirements

- 1) Members of the Board of Directors of the company or other banks are prohibited from being members of the Remuneration and Nomination Committee
- 2) The Chairman of the Remuneration and Nomination Committee may only hold concurrent positions as Chair of the Committee at most in 1 (one) another Committee.
- 3) Not owning shares of the Company, either directly or indirectly.
- 4) Has no affiliation with the Company, Commissioners, Directors and major shareholders of the Company.
- 5) Has no direct or indirect business relationship with the Company.
- 6) Former members of the Board of Directors or Executive Officers of the



Company or parties who have a relationship with the Company that can influence the person's ability to act independently are prohibited from becoming Independent Parties as members of the committee at the Bank concerned before undergoing a cooling off period of at least 6 (six) months.

- 7) The minimum cooling off period of 6 (six) months does not apply to former members of the Board of Directors who are in charge of supervisory functions or Executive Officers who carry out supervisory functions in the Company
- 8) Committee members who are not members of the Board of Commissioners, may not be concurrently :
  - a) Member of the Board of Commissioners/Supervisory Board of other SOE/ companies
  - b) Secretary/staff of the secretariat of the Board of Commssioners/ Supervisory Board of other SOE/companies
  - c) Other committee member in the company; and/or Committee member at other SOE/companies

#### 4.3.4 Confidentiality

Committee members are required to maintain the confidentiality of all documents and/or information of the Company and all things related to the Company and the implementation of the Committee's duties. The classification of the confidentiality of the Company's documents and/or information refers to the internal provisions and applicable laws and regulations.

### 4.4 Period of Duty and Compensation

- 4.4.1 The tenure of members of the Remuneration and Nomination Committee as members of the Board of Commissioners, shall not be longer than the tenure of the Board of Commissioners as stipulated in the Articles of Association and can be re-elected for the next 1 (one) period
- 4.4.2 The tenure of members of the Remuneration and Nomination Committee who come from Independent Non-Commissioner Parties is a maximum of 3 (three) years and can be reappointed for a maximum of 2 (two) years, without prejudice to the right of the Board of Commissioners to dismiss them at any time
- 4.4.3 If a member of the Board of Commissioners who is the Chair of the Remuneration and Nomination Committee ceases to be a member of the Company's Board of Commissioners, then the Chair of the Remuneration and Nomination Committee must be replaced by another Independent Commissioner no later than 30 (thirty) days.
- 4.4.4 If the tenure as a Board of Commissioners ends, the term of duty as a Member of the Remuneration and Nomination Committee also ends.
- 4.4.5 Members of the Remuneration and Nomination Committee who come from Independent Non-Commissioner Parties are given an honorarium in the amount determined by the Board of Commissioners while still referring to the applicable statutory provisions.



## **5. Meeting**

- 5.1 The Remuneration and Nomination Committee holds regular meetings at least 1 (one) time in 4 (four) months in order to complete the duties and responsibilities of functions as described in item 3 of this charter.
- 5.2 Remuneration and Nomination Committee meetings can only be held if attended by at least 51% (fifty one percent) of the total committee members including 1 (one) Independent Commissioner who constitutes the Remuneration and Nomination Committee and 1 (one) Executive Officer in charge Human Resources function or 1 (one) employee representative.
- 5.3 Remuneration and Nomination Committee meeting decisions are taken based on deliberation to reach consensus
- 5.4 In the event that there is no consensus decision making, as referred to in item 5.3 the decision is made based on the majority vote.
- 5.5 The meeting is chaired by the Chairman of the Remuneration and Nomination Committee or a member appointed in writing, if the chairman of the Remuneration and Nomination Committee is unable to attend. The member who can replace the chairman of the Remuneration and Nomination Committee who is unable to attend is the Independent Commissioner.
- 5.6 In the event that a Committee Member for any reason is unable to attend, then attendance Committee members may be represented by other Committee members based on from the power of attorney.
- 5.7 The committee members may only represent one other committee member.
- 5.8 Each Remuneration and Nomination Committee meeting is outlined in the minutes of the meeting, including dissenting opinions, which are signed by all members of the Committee present and submitted to the Board of Commissioners.
- 5.9 The committee members from Independen Parties or other parties appointed by the Committee Chair will act as secretaries in charge of recording and making minutes of Committee Meetings.
- 5.10 Meetings can be held through direct meeting and/or electronic media or other media facilities that allow all Committee Meeting participants to see and/or hear each other directly and participate in the meeting.

## **6. Reports and Recommendations**

- 6.1. The Remuneration and Nomination Committee prepares a report to the Board of Commissioners on every assignment given and/or for every problem identified as requiring the attention of the Board of Commissioners or at least 2 (two) times in 1 (one) year
- 6.2. The Remuneration and Nomination Committee prepares an Annual Report on the implementation of the Risk Monitoring Committee's annual work plan and budget which is reported to the Board of Commissioners and disclosed in the Company's Annual Report



## **7. Closing**

- 7.1 The Charter of the Remuneration and Nomination Committee is subject to the prevailing laws and regulations.
- 7.2 The Charter of the Remuneration and Nomination Committee shall come into force on the date of stipulation provided that it may at any time be subject to review in accordance with the circumstances under the approval and / or request of the Board of Commissioners and if in the future there are errors in it, corrections will be made.