

Nomination and Remuneration Policy

NOMINATION POLICY

MECHANISM OF NOMINATION, APPOINTMENT, TERMINATION, REPLACEMENT, AND/OR RESIGNATION OF MEMBERS OF THE BOARD OF COMMISSIONERS

In regulating the processes of election, appointment, termination, and/or replacement of members of the Board of Commissioners, Board of Directors, and Independent Parties, the Bank has Nomination Policy No. M.04 that governs various aspects as follows:

1. Criteria for the Board of Commissioners Members

Prospective members of the CIMB Niaga Board of Commissioners must at least meet requirements that include integrity, competence, and a good reputation, as stipulated in the prevailing laws and regulations.
2. Procedure for the Election of the Board of Commissioners Members
 - a. The Bank may utilize the service of reputable independent third party (search firms) in the process of selecting candidates for the Board of Commissioners. The third party appointed by the Bank shall assist in the selection process, including:
 - i. Identifying candidates who meet the requirements;
 - ii. Conducting interviews and candidate selection (including background and reference checks);
 - iii. Acting as a liaison between the Board of Commissioners, Nomination and Remuneration Committee, and candidates during the selection and evaluation process; and
 - iv. Providing necessary consultations to the Nomination and Remuneration Committee.
 - b. Members of the Board of Directors, Board of Commissioners, and/or Shareholders of the Bank may also propose prospective members for the Board of Commissioners to the Bank. Shareholders eligible to propose candidates for the Board of Commissioners members are those holding 1 (one) or more shares representing 1/20 (one-twentieth) or more of the total voting shares.
3. The procedure for the appointment of the Board of Commissioners members includes obtaining approval from the General Meeting of Shareholders (GMS) and successfully passing the Fit and Proper Test as per the OJK regulations on Fit and Proper Test and Governance Implementation for Commercial Banks. Additionally, the appointee must meet other requirements stipulated by relevant authorities before being formally declared as a Commissioner
4. Procedure for Termination, Replacement, and/or Resignation of the Board of Commissioners Members, including:
 - a. Proposals for the termination and/or replacement of the Board of Commissioners members submitted to the RUPS must consider recommendations from the Bank's Nomination and Remuneration Committee.
 - b. The Board of Commissioners members may be terminated at any time based on the decision of the GMS, stating the reasons.
 - c. The Board of Commissioners members have the right to resign from their positions by providing written notice of their intention to the Bank no later than 90 (ninety) days or 3 (three) months before their resignation becomes effective. If the written notice is provided less than 90 (ninety) days or 3 (three) months, the effective resignation date must be approved by the Board of Commissioners.
 - d. If a position of a member of the Board of Commissioners becomes vacant, resulting in the number of members of the Board of Commissioners falling below 3 (three), the GMS must be held within a maximum of 60 (sixty) calendar days after the vacancy to fill the position, by observing the prevailing laws and regulations.
 - e. If the position of the President Commissioner is vacant and a replacement has not been appointed or has not assumed the position, then one of the members of the Board of Commissioners appointed during a Board of Commissioners meeting, will assume the duties of the President Commissioner, with the same authority and responsibilities.

MECHANISM OF NOMINATION, APPOINTMENT, TERMINATION, REPLACEMENT, AND/OR RESIGNATION OF MEMBERS OF THE BOARD OF DIRECTORS

In regulating the processes of election, appointment, termination, and/or replacement of members of the Board of Commissioners, Board of Directors, and Independent Parties, CIMB Niaga has Nomination Policy No. M.04. The policy governs various aspects as follows:

1. Criteria for the Board of Directors Members

Prospective members of the CIMB Niaga Board of Directors must at least meet the requirements and criteria as stipulated in the prevailing laws and regulations, including integrity, competence, reputation, domicile, independence, or other specific criteria according to the Director's field.
2. Procedure for the Election of the Board of Directors Members, including:

- a. Internal talents are prioritized to be the candidates of the Bank Director, but other professionals may also be considered.
 - b. The Bank may utilize the service of reputable independent third party (search firms) in the process of selecting candidates for the Board of Directors. The third party (search firms) appointed by the Bank shall assist in the selection process, including:
 - i. Identifying candidates who meet the requirements;
 - ii. Conducting interviews and candidate selection (including background and reference checks);
 - iii. Acting as a liaison between the Board of Commissioners, Nomination and Remuneration Committee, and candidates during the selection and evaluation process; and
 - iv. Providing necessary consultations to the Nomination and Remuneration Committee.
 - c. Members of the Board of Directors, Board of Commissioners, and/or Shareholders of the Bank may also propose prospective members for the Board of Directors to the Bank. Shareholders eligible to propose candidates for the Board of Directors members are those holding 1 (one) or more shares representing 1/20 (one-twentieth) or more of the total voting shares.
3. Procedure for the Appointment of the Board of Directors Members, including:
The appointment of the Board of Directors members must be approved by the GMS and have passed the Fit and Proper Test in accordance with the OJK regulations, and/or meet other requirements stipulated by relevant authorities before the effective declaration of the person as Director.
4. Procedure for Termination, Replacement, and/or Resignation of the Board of Directors Members, including:
- a. Proposal for the termination and/or replacement of the Board of Directors members submitted to the GMS must consider recommendations from the Bank's Nomination and Remuneration Committee.
 - b. The Board of Directors members may be terminated at any time based on the decision of the GMS with the reasons stated.
 - c. The Board of Directors members have the right to resign from their positions by providing written notice of their intention to the Bank no later than 90 (ninety) days or 3 (three) months before their resignation becomes effective.

REMUNERATION POLICY

CIMB Niaga has consistently implemented the Risk-Based Remuneration Policy No. A.06.02, which also has been updated on 15 December 2023 by considering the content from the most recent regulations.

The Bank's remuneration policy is formulated by prioritizing a competitive, fair, and balanced remuneration system based on the prevailing laws and regulations, following the provisions of POJK No. 45/POJK.03/2015 on the Implementation of Remuneration Provision Governance for Commercial Banks, SEOJK No. 40/SEOJK.03/2016 on the Implementation of Remuneration Provision Governance for Commercial Banks, and POJK No. 59/POJK.03/2017 on the Implementation of Remuneration Provision Governance for Sharia Commercial Banks and Sharia Business Units. CIMB Niaga also ensures that no individual receives compensation below the standards set by the government.

In formulating remuneration policies and benchmarks, CIMB Niaga engages the services of an independent external consultant, WTW, to ensure that the Bank's remuneration remains competitive, fair, and balanced.

OBJECTIVES AND BACKGROUND

The remuneration policy implemented by the Bank encompasses the entire organizational hierarchy, including the Board of Commissioners, the Board of Directors, and all employees, whether mandatory or additional, in line with the prevailing laws and regulations. The remuneration policy serves the important purpose of attracting, motivating, and retaining the best employees to ensure a high-quality workforce. The policy is also developed with various considerations that include short-term and long-term liquidity needs, capital adequacy, financial stability aspects, the effectiveness of risk management, and potential future income.

RISK-BASED REMUNERATION POLICY

The Bank's remuneration strategy involves an evaluation of policies focusing on short term & long term performance, risk, and empowerment. The Bank implements policies and procedures for the execution of benefit programs as an integral part of its remuneration strategy by considering relevant risk profiles. The main types of risks in the remuneration policy are adjusted based on an annual review of the Bank's risk profile, considering market conditions, industry developments, performance, specific position roles, and the Bank's financial capabilities. These risk profiles impact the implementation of variable remuneration.

CIMB Niaga's remuneration policy addresses the following:

1. Prudent principles in risk-based remuneration.
2. Implementation of variable remuneration according to the provisions of regulators related to remuneration for Commercial Banks and Sharia Business Units.