

## **Guidelines and Rules of Work BOC**

No. SE: 053/219 / SE / DK Number: December 31, 2014, Subject: Changes and Additions  
BOC Decision on Guidelines for Employment Commissioner.

### **1. Requirements**

Member of the Board of Commissioners can come from outsiders who have the competence and professional in the field of banking and finance as well as be able to work independently.

#### **A. Formal terms:**

An individual, a citizen of Indonesia :

- Devoted to God Almighty;
- Loyal and obedient to the State and the Government;
- Do not engage directly or indirectly in the activities of treason to the State;
- Physically and mentally healthy;
- Never carry out activities that are detrimental to the State or disgraceful acts in banking;
- No voting rights revoked by court decision
- Proficient perform legal acts, except in 5 (five) years prior to the appointment ever
- Cakap melakukan perbuatan hukum, kecuali dalam 5 (lima) tahun sebelum pengangkatan pernah :
  1. Declared bankrupt;
  2. Being a member of the Board of Directors or Board of Commissioners found at fault for causing a company to go bankrupt;
  3. Convicted of committing criminal offenses that harm the State Treasury, the Company, or related to the financial sector

#### **B. Terms Material**

##### **1. Integrity and Moral**

Concerned is not involved :

- a. Acts engineering and deviant practices in the management of the Company / Organization pertinent place of work before the nomination (dishonest);
- b. The act of breach of commitments made in accordance with company / Institution where you were working before the nomination;

- c. Actions which can be categorized unlawfully benefit in the company / place their work before the nomination;
- d. Actions which can be categorized as a violation of the provisions relating to the principles of sound management of the company (not behave well)

## 2. Technical Competence / Expertise

Concerned has:

- Having knowledge of the banking sector;
- Ability to lead and work;
- An understanding of management and corporate governance;
- The ability to formulate and implement strategic policies in order to develop the company

## 3. Psychological

Concerned has a level of intellectual, emotional and spiritual adequate to carry out their duties as members of the Board of Commissioners

## C. Other Terms

1. Passed Fit and Proper Test (Fit and Proper Test) in accordance with the provisions of the Financial Services Authority about the Fit and Proper Test (Fit and Proper Test);
2. Willing to comply with rules and regulations in force, especially in banking;
3. Not a Political Party members and / or members of the legislature, not the prospective Head / Deputy Head or Head / Deputy Head.
4. Not being served as an officer at Financial Institutions or any other company except to sign a waiver willing to resign from that position if elected as a Commissioner;
5. Do not served as Commissioner of Bank Jatim for two (2) consecutive terms;
6. Have the dedication and provide fully time to do its job;
7. Physically and mentally healthy

## 2. **Membership of the Board of Commissioners**

- The Board of Commissioners consists of at least three (3) members and at most equal to the number of members of the Board of Directors;
- At least 1 (one) member of the Board of Commissioners must be domiciled in Indonesia;
- The Board of Commissioners chaired by the Commissioner;

- At least 50% (fifty percent) of the total number of Commissioners are Independent Commissioners;
- Every proposed replacement and / or removal of members of the Board of Commissioners to the General Meeting of Shareholders must consider the recommendation of the Remuneration and Nomination Committee;
- Member of the Board of Commissioners shall meet the requirements have passed Fit and Proper Test (Fit and Proper Test) in accordance with the provisions of the Financial Services Authority;
- Member of the Board of Commissioners may only hold positions as members of the Board of Commissioners, Board of Directors, or the Executive Officer at 1 (one) institution / company is not a financial institution;
- Member of the Board of Commissioners are appointed and dismissed by the RUPS.
- The prospective member of the Board of Commissioners who have passed the fit and proper to be filed in the RUPS or RUPS LB to be appointed

### **3. The nomination procedure (Nomination) Commissioner**

- All candidates for commissioner are only allowed to apply for one of the vacant position;
- Registration of candidates for the Commissioner held by Decision of the Board of Directors and Commissioners
- Proposed candidate :
  - a. Commissioners are being served;
  - b. Incumbent members of the Board of Directors;
  - c. For prospective Commissioners from the outside to be served as Director / Commissioner of Commercial Banks maximum of three (3) years

### **4. Functions of the Board of Commissioners**

BOC is the organ in charge of supervising the company in general and / or special accordance with the statutes and providing advice to the Board in carrying out the management of Bank Jatim. Commissioners also have a duty to ensured the effectiveness of the implementation of Good Corporate Governance (GCG) applied Bank Jatim and if considered necessary, may recommend to the Board of Directors to make adjustments according to the needs of Bank Jatim.

- a. Supervisory functions of the Board of Commissioners

- 1) Level Performance, the supervisory function in which BOC provide direction and guidance to the Board and provide input to the General Meeting of Shareholders (RUPS).
  - 2) Level Conformance, namely in the form of implementation of the monitoring activities at a later stage to ensure that the advice has been executed as well as the fulfillment of the provisions in the legislation and the Articles of Association applicable
- b. The general guidelines Monitoring Board of Commissioners
- 1) Supervision is done by the Board of Commissioners of the Company's management and the business by the Board of Directors;
  - 2) In conducting supervision, the Board acts as the assembly and can not act on their own behalf of the Board of Commissioners
  - 3) Monitoring should not be transformed into task execution executive tasks, due to the implementation of the Company's executive tasks under the authority of the Board of Directors,
  - 4) Monitoring should be carried out to the decisions that have been taken (ex post facto) or against the decisions to be taken (preventive basis).
  - 5) Supervision is done not only by receiving information from the Board of Directors or the AGM, but can also be done by taking other measures according to the information from other sources, where such actions must be done collectively.
  - 6) Monitoring is done not only by simply approve or disapprove of the actions that require the approval of the Board of Commissioners, but the supervision is done by covering all aspects of business and corporate aspects of the company

#### **5. The term of office of the Board of Commissioners**

- Member of the Board of Commissioners are appointed by the RUPS for a period of four (4) years and may be reappointed for a second term time without prejudice to the rights of the General Meeting of Shareholders to dismiss at any time by stating the reasons;
- If by some reason the post of one or more or all members of the BOC vacant. Then within 30 (thirty) days after the occurrence of such vacancy RUPS must be held to

fill the vacancy that by observing laws and regulations and the Articles of Association;

- A member of the Board of Commissioners may resign from office by notifying in writing of this intention to the Company at least 30 (thirty) days prior to the date of his resignation;
- Position member of the Board of Commissioners expires, if;
  - 1) Resignation
  - 2) no longer meets the requirements of laws and regulations;
  - 3) Passed away;
  - 4) Dismissed by decision of the RUPS.

#### **6. Orientation Program and Capability Enhancement BOC**

- Orientation Program about the Bank Jatim shall be provided to members of the Board of Commissioners who first served in the company.
- The responsibility of the implementation of orientation programs exist on the Commissioner. Jila Commissioner is absent then the responsibility for the implementation of orientation programs are on the other members of the Board of Commissioners appointed
- The material provided in orientation programs include the following:
  - a. Overview of Bank Jatim related to the objectives, nature, scope of activities, financial and operating performance, strategies, business plans short-term and long-term, competitive position, risks and share other strategic issues.
  - b. Implementation of the principles of Good Corporate Governance (GCG) by Bank Jatim.

#### **Dual Post Of Director**

Member of the Board of Commissioners of Bank does not hold positions as members of the Board of Commissioners, Board of Directors or Executive Officer at 1 (one) institution / company is not a financial institution or a member of the Board of Commissioners, Board of Directors or Executive Officers that carry out oversight functions on a 1 (one) subsidiary company of the Bank controlled by the Bank.

#### **Independent Commissioner**

Based on PBI No. 8/4 / PBI / 2006 on the Implementation of Good Corporate Governance for Commercial Banks as amended by PBI No. 8/14 / PBI / 2006, that at

least 50% (fifty percent) of the total number of Commissioners are Independent Commissioners, In Circular Letter No. 9/12 / DPNP regarding the implementation of Good Corporate Governance for Banks, Independent Commissioner is a member of the Board of Commissioners who do not have the financial, management, share ownership and / or family relationship with members of the Board of Commissioners, Board of Directors and / or Holder Controlling shares or relationship with the Bank, which could affect its ability to act independently.

Bank has two (2) Independent Commissioner and the number has complied with Bank Indonesia. The entire Bank Independent Commissioner does not have the financial, management, ownership and family relations with members of the Board of Commissioners, Board of Directors and / or Controlling Shareholders or relationship with the Bank, which could affect its ability to act independently.

Independent Commissioner of Bank always escape from conflicts of interest and act independently, in the sense of a conflict of interest that may interfere with their ability to perform the tasks independently and critically, both in relation to each other and the relationship to the Board of Directors. Independent Commissioner of Bank is authorized to supervise the Board of Directors in achieving performance and provide advice to the Board of Directors if there are irregularities in the management of business that is not in accordance with the direction you want to target by the company and monitor the implementation and effectiveness of the implementation of Corporate Governance.

### **Duties and Responsibilities of the Board of Commissioners**

Based on the Bank's Articles of Association, the main task of the Board of Directors are responsible to supervise the handling policy, the road maintenance in general, both regarding the Company or the Company's business, and to advise the Board of Directors for the benefit of the Bank to comply with the intent and purpose of the Bank. In performing these duties, the Board of Commissioners perform the procedures for supervising the management of the Bank, supervise the management of the Bank, evaluate and approve the work plan and the annual budget of the Bank, as well as help and encourage business formation and development of the Bank. The Board also obliged to ensure advice or directives have been implemented as well as the fulfillment of the provisions of the legislation in force, Articles of Association of the Bank and the

Bank's internal regulations other.

As part of the implementation of the implementation of Good Corporate Governance, the Bank's internal policy also regulates the authority and responsibility of the Board of Commissioners. The authority and responsibilities of the Board of Commissioners, among others:

1. Ensure the implementation of corporate governance practices in each of the Bank's business activities at all levels of the organization;
2. Carry out supervision of implementation of the tasks and responsibilities of the Board of Directors, as well as providing advice to the Board of Directors;
3. In carrying out supervision, the Board shall direct, monitor, and evaluate the implementation of the strategic policy of the Bank;
4. Evaluate and decide on requests for proposals the Board of Directors related to operational activities of the authority of Directors, which only includes:
  - a. Provision of funds to related parties; and
  - b. Things that are stipulated in the Articles of Association of the Bank or applicable legislation

In carrying out such surveillance, the Board of Commissioners

1. Has Work Handbook and Rules of the Board of Commissioners which among other things regulates the ethics office, duties and obligations, powers, working time and meeting implementation, performance evaluation and the working relationship between the Board of Commissioners to the Board of Directors;
2. Always seek to ensure the implementation of principles of Good Corporate Governance in all its business activities at all levels or levels of the organization, namely the entire board and employees of the Bank from the Board of Commissioners and the Board of Directors up to the executive level employees;
3. Subject to the provisions of the legislation, Articles of Association and decisions of the RUPS;
4. acting in good faith, be careful and responsible in performing their duties in the interests of the Company and in accordance with the purposes and objectives of the Company;
5. Examine and review the annual report prepared by the Board of Directors and signed the report;



6. Provide advice, opinions and suggestions or recommendations to the Board of Directors relating to the preparation of the vision and mission and strategic plans of the Company (Public Policy Directors, Corporate Plan, Business Plan) as well as its implementation, among others
  - a. Target achievement and the realization of the Business Plan, financial performance while maintaining a composite predicate Health Level Bank;
  - b. Completion of the Organizational Structure and Work Procedure according to the needs of the Bank;
  - c. Completion of systems and operational procedures more effective;
  - d. Improvement of work culture and service standards;
  - e. Evaluation of the effectiveness of the Internal Audit functions include monitoring the follow-up results of the audit of the Internal Audit Unit and external audit;
  - f. Maintaining the quality of productive assets by monitoring the development of a portfolio of assets based on risk level, reduce the NPL, and boost credit growth;
  - g. Meeting with members of the Board of Directors to discuss certain aspects such as business, organization, human resources, both conventional and Islamic branches and other; and
  - h. Direct, monitor and evaluate the implementation of the strategic policy of the Bank, including the preparation and evaluation of the Corporate Plan and Business Plan Bank
7. To review the reports of the Board of Directors and all of his staff as well as the reports of the Committees under the Board of Commissioners;
8. Following the development activities of the Bank, both of information internal and external information coming from the media and other sources;
9. Attending working meetings of coordination with the Board of Directors and all of his staff;
10. To inform Bank Indonesia no later than seven (7) working days of discovering violations of regulations in the field of finance and banking, and state or estimate the circumstances that may endanger the survival of the Bank;
11. Evaluate the results of the internal and external auditors (Bank Indonesia and / or other authorities) and requested the Board of Directors to immediately follow



### **Relations Commissioners and Directors**

The working relationship between the Board of Commissioners of the Board of Directors is the relationship of checks and balances associated with the implementation of the tasks and responsibilities of each in the management of the company based on the principle of openness. In order to realize the connection, the Board of Commissioners and Board of Directors regularly scheduled meetings in the form of a coordination meeting to discuss and decide on important issues concerning the company's business and operational continuity. Agenda of the subject in these meetings include business plans, operations, business opportunities and strategic issues that require the approval of the Board of Commissioners. In addition, the coordination meeting is a forum where the BoC will discuss the periodic reports of the Board of Directors as well as provide feedback, notes and advice to the Board of Directors as outlined in the minutes of the meeting.

### **Criteria For Determination Of Independent Directors**

For companies that have issued shares on the Indonesia Stock Exchange (IDX) the company is subject to the rules issued by the regulator regarding the criteria for determining the independent commissioner. Independent Commissioners has been set by the Indonesia Stock Exchange through regulation Stock Exchange since July 20, 2001 regarding the criteria on which the Independent Commissioner also used by the company is as follows:

- a. Independent Commissioner has no affiliation with the majority shareholders or controlling shareholders (Controlling shareholders) listed company concerned.
- b. Independent Commissioner does not have a relationship with the director and / or other commissioners listed company concerned.
- c. Independent Commissioner does not have a dual position at another company affiliated with the listed company concerned.
- d. Independent Commissioner should understand the laws and regulations in the field of capital markets

Another set of rules is in the Appendix hereto Bapepam Chairman of Bapepam Number: Kep-29 / PM / 2004 namely in Rule Number IX.I.5 on the Formation and Implementation Guidance of the Audit Committee regarding the criteria in section 1.b

Independent Commissioners are members Commissioners :

1. Originating from outside the Issuer or a Public Company
2. Not having a stake directly or indirectly in the Issuer or a Public Company
3. Do not affiliated with the Issuer or Public Company, Commissioner, Board of Directors, or majority shareholder of the Issuer or a Public Company
4. Not having a business relationship, directly or indirectly related to the business activities of the Issuer or a Public Company