



GUIDANCE FOR THE NOMINATION AND REMUNERATION COMMITTEE

I. LEGAL FOUNDATION

1. Financial Services Authority Regulation (POJK) Number 34/POJK.04/2014 regarding Nomination and Remuneration Committee of Issuer or Public Company.
2. Act Number 40 of 2007 regarding Limited Liability Company.
3. Articles of Association of PT BFI Finance Indonesia Tbk (Company).

II. OBJECTIVE

This guidance is the work guidance for the Nomination and Remuneration Committee to perform its duties and responsibilities, which plays a part in establishing Good Corporate Governance system.

III. DEFINITIONS

1. Good Corporate Governance is a governance that applies the following principles:
 - a. Transparency;
 - b. Accountability;
 - c. Responsibility;
 - d. Independency; and
 - e. Fairness.
2. Board of Commissioners is a Company's body that has duties in overseeing generally and/or specifically in accordance with articles of association and providing advice to the Board of Directors.
3. Independent Commissioner is an external member of the Board of Commissioners originated from outside the Company and qualifies for Independent Commissioners.
4. Board of Directors is a Company's body that has the authority and full responsibility in management for the interests of the Company pursuant to Company's aim and purpose, and represents the Company either inside and outside court in accordance with stipulations in articles of association.
5. Independent Party is a party from outside the Company who does not have financial, organizational, share ownership, and/or family relationships with any member of the Board of Commissioners, the Board of Directors, and/or controlling shareholders or other kinds of relationship that may affect his or her ability to act independently.
6. Remuneration and Nomination Committee is a committee that is established by and responsible to the Board of Commissioners in assisting the implementation of the board's function and duties regarding remuneration and nomination of members of the Board of Directors and members of the Board of Commissioners.
7. Nomination is recommending someone to be appointed in his professional job title as a member of the Board of Directors or member of the Board of Commissioners.

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8. Remuneration is a stipulated reward given to members of the Board of Directors and members of the Board of Commissioners due to their incumbency and roles in accordance with duties, responsibilities, and authority of members of the Board of Directors and members of the Board of Commissioners.

IV. DUTIES AND RESPONSIBILITIES

1. The Remuneration and Nomination Committee is obligated to act independently and responsible to the Board of Commissioners for undertaking its duties.
2. The Remuneration and Nomination Committee has the following duties and responsibilities, among others:
 - a. Remuneration function:
 - 1) Provide recommendations to the Board of Commissioners regarding:
 - a) Remuneration structure;
 - b) Remuneration policy;
 - c) Amount of remuneration
 - 2) Assist the Board of Commissioners in assessing work performance in relevance to remuneration received by each member of the Board of Directors and/or the Board of Commissioners.
 - b. Nomination function:
 - 1) Form and to provide recommendations to the Board of Commissioners regarding:
 - a) Occupational composition of members of the Board of Directors and/or members of the Board of Commissioners;
 - b) Policy and criteria required in nomination process; and
 - c) Policy on work performance evaluation for members of Board of Directors and/or members of Board of Commissioners;
 - 2) Assist the Board of Commissioners in assessing work performance of members of the Board of Directors and/or members of the Board of Commissioners based on a benchmark that has been set forth as reference for evaluation;
 - 3) Provide recommendations to the Board of Commissioners regarding skill development programs for members of the Board of Directors and/or members of the Board of Commissioners;
 - 4) Provide recommendations to the Board of Commissioners regarding candidates who qualify for members of Board of Directors and/or members of the Board of Commissioners to be conveyed to the General Meeting of Shareholders.
3. In implementing remuneration function as mentioned in point number 2 letter a, the Remuneration and Nomination Committee is obligated to perform the following procedures:
 - a. Develop a remuneration structure for members of the Board of Directors and/or members of the Board of Commissioners;



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- b. Make remuneration policy for members of the Board of Directors and/or members of the Board of Commissioners;
 - c. Stipulate the amount of remuneration for members of the Board of Directors and/or members of the Board of Commissioners.
4. In implementing nomination function as mentioned in point number 2 letter b, the Remuneration and Nomination Committee is obligated to perform the following procedures:
 - a. Form the composition and process for nomination of members of the Board of Directors and/or members of the Board of Commissioners;
 - b. Make policy and criteria required in nomination process for member candidates of the Board of Directors and/or members of the Board of Commissioners;
 - c. Assist in work performance evaluation for members of the Board of Directors and/or members of the Board of Commissioners;
 - d. Arrange skill development programs for members of the Board of Directors and/or members the Board of Commissioners;
 - e. Review and provide recommendations to the Board of Commissioners on candidates who qualify for members of the Board of Directors and/or members of the Board of Commissioners to be conveyed to the General Meeting of Shareholders.
5. The Remuneration and Nomination Committee, in undertaking its duties and responsibilities regarding remuneration policy, is obligated to make sure that remuneration policy is pursuant to:
 - a. Remuneration that applies in the industry;
 - b. Duties, responsibilities, and authority of members of the Board of Directors and/or members of the Board of Commissioners in relation to achieving Company's purpose and performance;
 - c. Work targets or work performance of each member of the Board of Directors and/or member of the Board of Commissioners;
 - d. A balance between defined and variable benefits.
6. Each member of the Nomination and Remuneration Committee is prohibited from gaining private interests, either directly and indirectly, from BFI Finance's activities except from lawful source of income.
7. Member of the Board of Commissioners who is in charge as the chairman or a member of the Nomination and Remuneration Committee does not receive additional income other than income as a member of the Board of Commissioners.
8. Structure, policy, and amount of remuneration must be evaluated by the Nomination and Remuneration Committee at least 1 (one) time in 1 (one) year.



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V. AUTHORITY

1. The Nomination and Remuneration Committee has the authority to access Company's documents, data, and information that are needed.
2. In implementing its duties and responsibilities, the Nomination and Remuneration Committee has the authority to communicate directly with employees, the Board of Directors, and other parties.
3. If needed, the Nomination and Remuneration Committee has the authority to involve Independent party to assist the committee in implementing its duties.

VI. MEMBERSHIP STRUCTURE AND COMPOSITION

1. The Nomination and Remuneration Committee consists of at least 3 (three) members, with the following stipulations:
 - a. 1 (one) member acts concurrently as the chairman, and is an Independent Commissioners; and
 - b. Other members who may originate from:
 1. Incumbent members of the Board of Commissioners;
 2. Parties from outside the Company; or
 3. Parties who hold managerial position under the Board of Directors and in charge of human resources department.
2. Most of other members of the Nomination and Remuneration Committee must not originate from parties who hold managerial position under the Board of Directors and in charge of human resources department.
3. External member of the Nomination and Remuneration Committee originated from outside the Company is obligated to meet the following requirements:
 - a. Has no affiliation with the Company, members of the Board of Directors, members of the Board of Commissioners, or major shareholders;
 - b. Has experiences in nomination and/or remuneration; and
 - c. Does not have concurrent job title as member of other committee under the Company.
4. Member of the Nomination and Remuneration Committee is appointed and discharged based on decisions made in the Board of Commissioners meeting.
5. Member of the Nomination and Remuneration Committee is appointed for a certain tenure and can be re-elected under the condition that the tenure as member of the Nomination and Remuneration Committee is no longer than the tenure as member of the Board of Commissioners as regulated in articles of association.
6. Replacement of a member of the Nomination and Remuneration Committee who is not originated from the Board of Commissioners is conducted at the latest 60 (sixty) days since the member is no longer able to implement her/his function.



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7. Company is obligated to document the decisions regarding appointment and discharge of a member of the Nomination and Remuneration Committee as mentioned in point number 4.

VII. CONVENING OF MEETINGS

1. Nomination and Remuneration Committee meeting is held periodically at least 1 (one) time in 4 (four) months.
2. Nomination and Remuneration Committee meeting can only be convened if:
 - a. Attended by majority members of the Nomination and Remuneration Committee;
 - b. One individual among the attending majority members of the Nomination and Remuneration Committee is in charge as the chairman of the Nomination and Remuneration Committee.
3. Resolution of Nomination and Remuneration Committee meeting is reached through deliberation to achieve consensus.
4. In the event that consensual resolution cannot be reached, resolution must be based on majority voting.
5. In the event of a tie vote, resolution is achieved through mechanism regulated in the guidance for the Nomination and Remuneration Committee.
6. If different opinions occur during decision making process, thus such different opinions must be recorded in minutes of meeting, which include the reasons of the dissenting opinions.
7. Results of the Nomination and Remuneration Committee meeting must be recorded in minutes of meeting and documented.
8. Minutes of meeting of the Nomination and Remuneration Committee meeting must be delivered in written report to the Board of Commissioners.

VIII. DISCLOSURE AND REPORTING

1. The Nomination and Remuneration Committee must report implementation of duties, responsibilities, and procedures of remuneration and nomination to the Board of Commissioners. This is a part of the Board of Commissioners' duty implementation report and to be conveyed to the General Meeting of Shareholders.
2. Company is obligated to disclose implementation of functions related to remuneration and nomination in:
 - a. Annual report;
 - b. Company's official website.