

RISK MONITORING COMMITTEE CHARTER
PT BANK PEMBANGUNAN DAERAH JAWA TIMUR Tbk

RISK MONITORING COMMITTEE CHARTER

The Risk Monitoring Committee Charter regulates the guidelines and work procedures of the Risk Monitoring Committee, which are prepared based on prevailing laws and regulations and best practices applied to the Indonesian banking industry and are binding on each member of the Committee.

1. Legal Foundation

The Risk Monitoring Committee's charter includes a legal basis in the form of laws and regulations applicable to banking institutions in Indonesia related to risk management.

2. General Objectives

The general objectives of establishing the Risk Monitoring Committee are:

- a. The Committee is formed by and is responsible to the Board of Commissioners for assisting in carrying out the duties and functions of the Board of Commissioners, such as monitoring the implementation of risk management
- b. The Committee is independent both in carrying out its duties and in reporting and reporting directly to the Board of Commissioners; and
- c. Continuously improve the quality of the implementation of Good Corporate Governance (GCG) by applying the principles of transparency, accountability, responsibility, independence and fairness to strengthen the internal conditions of the national banking system.

3. Membership Structure

The organizational structure and membership of the Risk Monitoring Committee are determined as follows:

- a. The Risk Monitoring Committee members are appointed and dismissed by the Board of Commissioners, accompanied by a Decree of the Board of Directors based on the decision of the meeting of the Board of Commissioners;
- b. The Risk Monitoring Committee should consist of at least:
 - 1) An Independent Commissioner;
 - 2) A non-Commissioner Independent Party with expertise in finance, and
 - 3) A non-Commissioner Independent Party with expertise in risk management

- c. The Risk Monitoring Committee is chaired by an Independent Commissioner who is also a member and can only serve as Chairman of the Committee in one other Committee at a time.
- d. Independent Commissioner and Non-Commissioner Independent Parties who are members of the Committee are at least 51% of the total members of the Committee;
- e. Ex former members of the Board of Directors or Executive Officers of the Bank or parties who have a relationship with the Bank which may affect their ability to act independently cannot become an Independent Party in the Committee membership before undergoing a cooling-off period of six months;
- f. The cooling-off period of at least six months does not apply to former members of the Board of Directors of Executive Officers with supervisory duties

4. Membership Requirements

The requirements for membership of the Risk Monitoring Committee are set as follows:

- a. Each member of the Risk Monitoring Committee is required to have good integrity, character and morals, as well as adequate abilities according to their educational background and be able to communicate well;
- b. The members of the Risk Monitoring Committee have knowledge, expertise, and experience in finance as well as in risk management in general;
- c. The requirements for a Non-Commissioned Independent Party are as follows:
 - 1) Non-Commissioned Independent Party is a party that does not have a business relationship, either directly or indirectly related to the Bank's business activities, as well as affiliation with the Bank, the Board of Directors and the Board of Commissioners;
 - 2) A Non-Commissioned Independent Party has not been a key employee in the previous year, nor is he or she a member of an Accounting Firm or a consultant who has provided audit and/or non-audit consulting services to the Bank in the previous year before being appointed to the Risk Monitoring Committee.
 - 3) Risk Monitoring Committee members from Independent non-commissioned parties may hold concurrent positions as Independent Party members of other Committee at the same Bank, other Banks, and or other companies, as long as:
 - a) complete all required competencies;

- b) meet the independence criteria;
- c) capable of maintaining bank confidentiality;
- d) consider the applicable code of conduct; and
- e) do not neglect the implementation of duties and responsibilities as a member of the Committee.

5. Duties and Responsibilities

The Risk Monitoring Committee performs the task of monitoring and evaluating the conformity between risk management policies and the implementation of Bank policies, as well as implementing the work plans and functions of the Risk Management Committee and the Risk Management Unit (SKMR) to provide recommendations to the Board of Commissioners to ensure that the Bank has managed risk effectively.

The Risks Monitoring Committee has the following duties and responsibilities:

- a. Monitoring and reviewing the following:
 - 1) the adequacy of the Bank's internal control as a whole, including compliance with Good Corporate Governance policies; and
 - 2) a Bank has prepared a report on the implementation of Good Corporate Governance with content and coverage at least following applicable regulations.
- b. Do monitoring and evaluation as follows:
 - 1) The Bank's compliance with the Articles of Association and laws and regulations related to risk management;
 - 2) The report of the implementation of Good Corporate Governance has reflected the actual condition of the Bank or is by following the results of the Bank's self-assessment;
 - 3) If there is a difference in the predicate in the assessment of the results of the self-assessment with the results of the supervision/inspection of the regulator, the Bank:
 - a) Revise the Composite Value and the intended self-assessment predicate and make them public in the next period through the Published Financial Report in the nearest period; and
 - b) Submit a complete revision of the results of the Bank's Good Corporate Governance self-assessment to the regulator;



- 4) The Bank has submitted a complete and timely report on the implementation of Good Corporate Governance to the interested parties (stakeholders) and has presented information on the company's website;
- c. The Risk Monitoring Committee reviews financial and non-financial information regarding the Bank, business plans or work plans and bank budgets, management reports and other information related to risk management;
- d. The Risk Monitoring Committee conducts a regular meeting with related work units to discuss matters that are within the scope of the Committee's assignments and report and provide input on the issues that need the attention of the Board Commissioner;
- e. The Risk Monitoring Committee prepares guidelines and work procedures for the Committee, conducts reviews as needed at least once every three years, and makes a self-assessment regarding the effectiveness of the activities of the Risk Monitoring Committee.

6. The Authorities of the Risk Monitoring Committee

The Risk Monitoring Committee has the following authorities:

- a. Complete, unfettered, and unrestricted access to bank records relevant to the Committee's duties;
- b. Communicating with the Head of the Work Unit and other parties in the bank to obtain information, clarification, and to request necessary documents and reports
- c. Obtain input or advice from professionals outside the Bank related to the Committee's duties; and
- d. Cooperating with the Risk Management Committee; Risk Management Work Unit (SKMR), Compliance Work Unit (SKK), Legal Work Unit (SKL), Information Technology Work Unit (SKTI) and other work units related to the Committee's duties.

7. Risk Monitoring Committee Meetings

The implementation and procedures for the Risk Monitoring Committee meeting are as follows:

- a. Committee meetings are held as follows
 - 1) According to the needs of the Bank and or at least one time in three months;
 - 2) The meeting can only be implemented if attended by at least 51% of the total members of the Committee, including one Independent Commissioner and one Independent Non-Commissioner;

- 3) The meeting is chaired by the Chairman of the Committee or a member of the Committee from an Independent Commissioner if the Chairman of the Committee is unable to attend;
 - 4) The Risk Monitoring Committee meeting may invite the Risk Management Work Unit, Compliance Unit, Legal Work Unit, Information Technology Work unit, other work units and other parties needed as resource persons for discussion.
- b. The decision-making of the Risk Monitoring Committee meeting is based on:
- 1) Consensus deliberation, and if consensus deliberation does not occur, then the decision is made based on the majority vote;
 - 2) Decisions are made based on the majority of votes if there is an equal number of votes;
 - 3) The dissenting opinion in the Risk Monitoring Committee meeting must be clearly stated in the Minutes of Meeting (MOM), along with the reasons for the disagreement
- c. The Risk Monitoring Committee meeting is set out in the MOM, which is signed by all members of the Committee present and submitted to the Board of Commissioners.
- d. The attendance of the Risk Monitoring Committee members in meetings is reported in the quarterly reports and the Committee's annual reports in the Annual Report related to Corporate Governance.

8. The Risk Monitoring Committee Member Terms

The term of members of the Risk Monitoring is as follows:

- a. The period of a member of the Risk Monitoring Committee may not be longer than the term of the Board of Commissioners as stipulated in the Articles of Association and may be re-elected only for the next one period;
- b. If a member of the Board of Commissioners who is the Chairman of the Risk Monitoring Committee resigns before the end of their term of office as a Commissioners of the Company, the Chairman of the Risk Monitoring will be replaced by another Independent Commissioner.

9. Reporting

- a. The Risk Monitoring Committee is required to make the following:
 - 1) Report to the Board of Commissioners on each assignment, given accompanied by recommendations if needed;

- 2) Quarterly reports and annual reports to the Board of Commissioners; and
 - 3) The report is signed by at least the Chairman of the Committee and one of the members of the Committee.
- b. The Board of Commissioners may consider following up on the reports and recommendations of the Risk Monitoring Committee to:
- 1) forwarded to the Board of Directors; and
 - 2) request an explanation from the Board of Directors regarding the implementation of the Bank's risk management policies, including the performance of the duties of the Risk Management Unit, Compliance Unit, Legal Work Unit, Information Technology Work Unit and other work units related to the responsibilities of the Risk Monitoring Committee
- c. The Risk Monitoring Committee is required to make an annual report on the implementation of the Committee's activities, which are disclosed in the Bank's Annual Report at least including:
- 1) the structure, membership, expertise and independence of the members of the Committee;
 - 2) duties and responsibilities of the Risk Monitoring Committee;
 - 3) the frequency of the Risk Monitoring Committee meetings and the level of attendance of Committee members; and
 - 4) brief description of the Committee's activities for the financial year.

10. Miscellaneous

- a. Each member of the Risk Monitoring Committee is prohibited from taking personal or group benefits, either directly or indirectly, from the Bank's activities other than the legal income that has been determined.
- b. Members of the Board of Commissioners who become Chairman of the Risk Monitoring Committee are not given additional income other than their income as members of the Board of Commissioners.
- c. Every cost incurred in carrying out the responsibilities of the Risk Monitoring Committee is charged as a bank expense.
- d. The Bank has a Risk Monitoring Committee Charter which will be reviewed for adequacy regularly, and if necessary, it will be updated or updated with the approval of the Board of Commissioners.
- e. The matters that have not been regulated in the Risk Monitoring Committee Charter will be regulated later by a Decree of the Board of Commissioners.