

## **NOMINATION AND REMUNERATION COMMITTEE GUIDELINES**

**(Does not apply to PT. APP Purinusa Ekapersada, only apply to subsidiaries and/or affiliates of PT. APP Purinusa Ekapersada that is a public company and/or bond issuer)**

### **I. INTRODUCTION**

In the Financial Services Authority Regulation Number 34/POJK.04/2014 concerning the Nomination and Remuneration Committee of Issuers or Public Companies, what is meant by:

1. The Nomination and Remuneration Committee is a committee established by and responsible to the Board of Commissioners in assisting in carrying out the functions and duties of the Board of Commissioners related to the Nomination and Remuneration of members of the Board of Directors and members of the Board of Commissioners.
2. Nomination is the proposal of a person to be appointed as a member of the Board of Directors or a member of the Board of Commissioners.
3. Remuneration is a reward determined and given to members of the Board of Directors and members of the Board of Commissioners because the positions and roles assigned are in accordance with the duties, responsibilities and authorities of members of the Board of Directors and members of the Board of Commissioners.

Furthermore, the Nomination and Remuneration Committee is required to prepare a Guideline for the Nomination and Remuneration Committee and is determined by the Board of Commissioners, which is a guideline for members of the Nomination and Remuneration Committee in carrying out their duties and responsibilities.

### **II. LEGAL FOUNDATION**

The legal basis for the Nomination and Remuneration Committee is:

1. Law Number 8 of 1995 concerning the Capital Market;
2. Law Number 40 of 2007 concerning Limited Liability Companies;
3. Financial Services Authority Regulation Number 34/POJK.04/2014 concerning Nomination and Remuneration Committee for Issuers or Public Companies.

### III. ORGANISATION AND MEMBERSHIP

1. Organisation structure and membership
  - a. The Nomination and Remuneration Committee shall consist of at least 3 (three) members, with the following provisions:
    - i. 1 (one) Chairperson who is concurrently a member who is an Independent Commissioner; and
    - ii. other members who can come from:
      - members of the Board of Commissioners;
      - parties from outside the Company; or
      - parties holding managerial positions under the Board of Directors in charge of human resources.
  - b. Other members of the Nomination and Remuneration Committee as referred to in provision a (ii) above cannot come from parties holding managerial positions under the Board of Directors in charge of human resources.
  - c. Members of the Nomination and Remuneration Committee from outside the Company must meet the following requirements:
    1. No affiliation with the Company, members of the Board of Directors, members of the Board of Commissioners, and/or major shareholders of the Company;
    2. Have experience related to Nomination and/or Remuneration; and
    3. Not holding concurrent positions as members of other committees owned by the Company.
  - d. Members of the Company's Board of Directors cannot become members of the Nomination and Remuneration Committee.
  - e. Members of the Nomination and Remuneration Committee are appointed and dismissed by the Board of Commissioners based on the decisions of the Board of Commissioners meeting.
2. Term of service
  - a. Members of the Nomination and Remuneration Committee are appointed for a certain term of service and may be reappointed.
  - b. The term of service of members of the Nomination and Remuneration Committee is not longer than the term of service of the Board of Commissioners, as stipulated in the Articles of Association.
  - c. The replacement of members of the Nomination and Remuneration Committee who are not from the Board of Commissioners is carried out no later than 60 (sixty) days after the said member of the Nomination and Remuneration Committee can no longer carry out their functions.

#### IV. DUTIES AND RESPONSIBILITIES

1. Duties and responsibilities
  - a. The Nomination and Remuneration Committee is required to act independently in carrying out its duties.
  - b. In carrying out its duties, the Nomination and Remuneration Committee is responsible to the Board of Commissioners.
2. The duties and responsibilities of the Nomination and Remuneration Committee related to the Nomination function are at least as follows:
  - a. Provide recommendations to the Board of Commissioners regarding:
    - i. The composition of the positions of the members of the Board of Directors and/or the Board of Commissioners;
    - ii. Policies and criteria required in the Nomination process; and
    - iii. Performance evaluation policies for members of the Board of Directors and/or members of the Board of Commissioners.
  - b. Assist the Board of Commissioners in assessing the performance of members of the Board of Directors and/or members of the Board of Commissioners based on the benchmarks that have been prepared as evaluation material;
  - c. Provide recommendations to the Board of Commissioners regarding capacity building programs for members of the Board of Directors and/or Board of Commissioners;
  - d. Provide proposals for candidates who meet the requirements as members of the Board of Directors and/or members of the Board of Commissioners to the Board of Commissioners to be submitted to the General Meeting of Shareholders (“GMS”).
3. The duties and responsibilities of the Nomination and Remuneration Committee related to the Remuneration function are at least as follows:
  - a. Provide recommendations to the Board of Commissioners regarding:
    - i. Remuneration structure;
    - ii. Policies on Remuneration; and
    - iii. Amount of Remuneration. The Company's Articles of Association itself stipulates that Remuneration may be given to the Board of Directors and the Board of Commissioners provided that the amount of the bonus may not exceed 5% (five percent) of the Company's profit before deducting income tax.
  - b. Assist the Board of Commissioners in assessing performance against Remunerations received by each member of the Board of Directors and/or Board of Commissioners.

## V. WORK PROCEDURE

### 1. Work Procedure Regarding Nomination Function

In carrying out the Nomination function, the Nomination and Remuneration Committee is required to carry out the following procedures:

- a. Develop the composition and Nomination process for members of the Board of Directors and/or members of the Board of Commissioners;
- b. Develop policies and criteria needed in the Nomination process for candidates for members of the Board of Directors and/or members of the Board of Commissioners;
- c. Assist in the evaluation of the performance of members of the Board of Directors and/or members of the Board of Commissioners;
- d. Develop a capacity development program for members of the Board of Directors and/or members of the Board of Commissioners; and
- e. Reviewing and proposing candidates who meet the requirements as members of the Board of Directors and/or members of the Board of Commissioners to the Board of Commissioners to be submitted to the GMS.

### 2. Work Procedure Regarding Remuneration Function

In carrying out the Remuneration function, the Nomination and Remuneration Committee is required to carry out the following procedures:

- a. Develop Remuneration structure for members of the Board of Directors and/or members of the Board of Commissioners;
- b. Develop policies on Remuneration for members of the Board of Directors and/or members of the Board of Commissioners;
- c. Prepare the amount of Remuneration for members of the Board of Directors and/or members of the Board of Commissioners;
- d. Remuneration structure can be in the form of:
  - Salary;
  - Honorarium;
  - Incentives; and/or
  - Fixed and/or variable allowances.
- e. The preparation of the structure, policy and amount of Remuneration must consider:

- Remuneration applicable to the industry in accordance with the Company's business activities and the Company's business scale in the industry;
  - Duties, responsibilities and authorities of members of the Board of Directors and/or Board of Commissioners related to the achievement of the goals and performance of the Company;
  - Performance targets or performance of each member of the Board of Directors and/or Board of Commissioners; and
  - The balance between fixed and variable allowances.
- f. The Nomination and Remuneration Committee is required to evaluate the structure, policy and amount of Remuneration at least 1 (one) time a year.

## **VI. OBLIGATIONS AND AUTHORITIES**

### **1. Obligations**

- a. Members of the Nomination and Remuneration Committee are prohibited from taking personal benefits, either directly or indirectly, from the Company's activities other than legitimate income.
- b. Members of the Nomination and Remuneration Committee are required to always maintain the confidentiality of the Company's data and information.

### **2. Authorities**

- a. The Nomination and Remuneration Committee is authorized to obtain full, free and unlimited access to data and information on any Company policies related to Nomination and Remuneration.
- b. In carrying out its authority, the Nomination and Remuneration Committee cooperates with other units related to its field of work.
- c. The Nomination and Remuneration Committee is authorized to communicate directly with related employees including the Board of Directors and/or Board of Commissioners in carrying out their duties.
- d. If necessary at the expense of the Company, the Nomination and Remuneration Committee may appoint a professional external/independent party to assist in carrying out its duties.

## **VII. MEETINGS**

### **1. Meeting Mechanism**

- a. Nomination and Remuneration Committee meetings are held periodically at least 1 (one) time in 4 (four) months.

- b. The Nomination and Remuneration Committee meeting can only be held if:
    - Attended by a majority of the members of the Nomination and Remuneration Committee; and
    - One of the majority of the Nomination and Remuneration Committee present is the Chair of the Nomination and Remuneration Committee.
  - c. The Nomination and Remuneration Committee meeting is chaired by the Chairperson of the Nomination and Remuneration Committee.
  - d. Nomination and Remuneration Committee meeting decisions are made based on deliberation and consensus.
  - e. In the event that a consensus is not reached after deliberation, the decision is made by majority vote.
  - f. In the event that there is a difference of opinion in the decision-making process, the difference of opinion must be recorded in the minutes of the meeting along with the reasons for the difference of opinion.
  - g. If deemed necessary, the Nomination and Remuneration Committee may invite other parties related to the meeting material to attend the Nomination and Remuneration Committee meeting.
2. Minutes of Meeting
- The results of the Nomination and Remuneration Committee meeting must be stated in the minutes of the meeting, signed by all members of the Nomination and Remuneration Committee present and documented by the Company, and submitted in writing to the Board of Commissioners.

## **VIII. REPORTING AND DISCLOSURE**

### **1. Reporting**

- a. The Nomination and Remuneration Committee must report the implementation of the Nomination and Remuneration duties, responsibilities and procedures to the Board of Commissioners.
- b. The report referred to above is part of the report on the implementation of the duties of the Board of Commissioners and submitted at the GMS.
- c. The report of the Nomination and Remuneration Committee is submitted to the Board of Commissioners in the form of an annual report on the implementation of the activities of the Nomination and

Remuneration Committee and a report on the implementation of special tasks (if any).

2. Disclosure

Issuers or Public Companies are required to disclose the implementation of functions related to Nomination and Remuneration in the annual report and the Company's website.

## **IX. BUDGET**

1. To support the activities of the Nomination and Remuneration Committee, an adequate budget is required.
2. The Nomination and Remuneration Committee budget is submitted to the Board of Commissioners for approval.
3. The budget of the Nomination and Remuneration Committee is part of the budget of the Board of Commissioners.
4. Supervision of the use of the Nomination and Remuneration Committee budget is carried out (audited) by a party appointed by the Board of Directors.