



## **NOMINATION AND REMUNERATION COMMITTEE CHARTER PT PRODIA WIDYAHUSADA TBK (COMPANY)**

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### **I. AIMS AND OBJECTIVES**

The role of the Nomination and Remuneration Committee (NRC) is to carry out evaluations and prepare and provide suggestions and recommendations to the Board of Commissioners regarding matters relating to the nomination and remuneration of the Board of Directors, Board of Commissioners and committees under the Board of Commissioners. Based on the approval given at the Company's Annual GMS and taking into account recommendations to NRC, the Board of Commissioners gives NRC authority to determine:

- (i) salary and allowances of each member of the Board of Directors; And
- (ii) wages, salaries or allowances of each member of the Board of Commissioners for each Financial Year, as well as the following financial year, until otherwise decided at an Annual GMS.

### **II. DUTIES AND RESPONSIBILITIES ANSWER**

In carrying out its functions, the Nomination and Remuneration Committee has the following duties and responsibilities:

#### **A. Nomination Function**

- 1) Provide recommendations to the Board of Commissioners regarding:
  - a. Composition and nomination process for positions of members of the Board of Directors and/or Board of Commissioners .
  - b. Policies and criteria required in the nomination process .
  - c. Performance evaluation policy for members of the Board of Directors and/or Board of Commissioners.
- 2) Assist the Board of Commissioners in evaluating the performance of the Board of Directors and/or the Board of Commissioners.
- 3) Provide recommendations to the Board of Commissioners regarding capacity development programs for members of the Board of Directors and/or members of the Board of Commissioners.
- 4) Conduct research and provide proposals for candidates who meet the requirements to be submitted to the GMS.

#### **B. Remuneration Function**

- 1) Provide recommendations to the Board of Commissioners regarding:
  - a. Remuneration structure for members of the Board of Directors and Board of Commissioners
  - b. Policy on Remuneration for members of the Board of Directors and Board of Commissioners .
  - c. Amount of Remuneration for members of the Board of Directors and Board of Commissioners .
- 2) Assisting the Board of Commissioners :

- a. Supervise the duties and responsibilities of the Board of Directors regarding the Company's vision and mission .
- b. Develop human resource policies, including but not limited to remuneration nomination policies, talent management, retention, succession planning, training, organizational design and recruitment .
- c. Evaluate and implement corporate governance related to human resources policies and Code of Conduct.

### **C. Nomination Mechanism**

- 1) Members of the Board of Commissioners and/or Controlling Shareholders of the Company can submit proposals for candidates for members of the Board of Commissioners to the Company.
- 2) The Nomination and Remuneration Committee proposes candidates for members of the Board of Commissioners who have met the requirements.
- 3) The Nomination and Remuneration Committee will review, assess and consider candidates based on:
  - a. Minimum requirements in point 2;
  - b. Citizen;
  - c. Knowledge, competence and expertise to complete the composition of the Board of Commissioners;
  - d. The need for representation and diversity of the Board of Commissioners;
  - e. Conformity with the Company's strategy;
  - f. Gender to fulfill the optimal composition of the Board of Commissioners; as well as
  - g. Composition of Non-Independent Commissioners and Independent Commissioners.
- 4) The Nomination and Remuneration Committee will provide recommendations accompanied by documents assessing the fulfillment of candidate requirements and propose selected candidates to the Board of Commissioners to be proposed and appointed at the GMS.
- 5) The Nomination and Remuneration Committee also evaluates and provides recommendations, accompanied by documents assessing the fulfillment of candidate requirements, to the Board of Commissioners regarding all members of the Board of Commissioners who will be reappointed at the GMS.
- 6) Every proposal to appoint members of the Board of Commissioners to the GMS must take into account the recommendations of the Nomination and Remuneration Committee.

### **D. Directors' Succession Policy**

In nominating members of the Board of Directors, the Company prioritizes internal parties first. In terms of nominations, the Nomination and Remuneration Committee's role is to review and propose succession planning for members of the Board of Directors and/or Board of Commissioners. The nomination procedure as intended is carried out transparently and in accordance with the conditions and needs of the Company, as well as statutory regulations. The Board of Directors succession process goes through several stages as follows:

<b>Stage</b>	<b>Authority</b>	<b>Activity</b>
1	Nomination & Remuneration Committee	Prepare and make recommendations for succession to the Board of Directors
2	Board of Commissioners	Review recommendations for prospective Directors from the Nomination & Remuneration Committee.
3	AGM	Approve and determine the appointment of Directors

## **E. Indicators for Determining Remuneration for the Board of Commissioners and Directors**

The remuneration of the Board of Commissioners and Directors is determined by considering a number of indicators including the implementation of GCG, achievement of performance and established policies, creation of added value for the Company and shareholders, alignment of performance with the Company's vision and mission, inflation rate, and other relevant and non-relevant indicators. contrary to statutory regulations.

## **F. Procedure for Determining Remuneration for the Board of Commissioners and Directors**

The procedure for determining the remuneration of the Board of Commissioners and Directors is as follows:

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|--------------------------------------|---|----|---|
| Nomination<br>Remuneration Committee | & | a. | Review the amount and structure of remuneration for the Board of Commissioners and Directors.   |
|                                      |   | b. | Provide recommendations regarding the amount of remuneration based on indicators including GCG implementation .   |
| board of Commissioners               |   | a. | Evaluate remuneration recommendations proposed by the Nomination and Remuneration Committee regarding determining the amount of remuneration for the Board of Commissioners and Directors.  |
|                                      |   | b. | Propose recommendations that have been evaluated at the GMS to obtain shareholder approval.   |
| AGM                                  |   | a. | Determination of Remuneration for the Board of Commissioners Determines the honorarium and/or other allowances for members of the Company's Board of Commissioners and authorizes the Board of Commissioners to determine the allocation by taking into account recommendations from the Nomination and Remuneration Committee. |
|                                      |   | b. | Determination of Directors' Remuneration Gives authority to the Company's Board of Commissioners to determine salaries and/or other allowances for members of the Company's Directors by taking into account recommendations from the Nomination and Remuneration Committee.  |

### **III. ORGANIZATION AND MANAGEMENT**

#### **A. Structure**

- 1) The Nomination and Remuneration Committee is a Committee of the Company's Board of Commissioners which was formed to comply with Financial Services Authority regulation Number 34/POJK.04/2014 concerning the Nomination and Remuneration Committee of Issuers or Public Companies which was issued on December 8 2014 (POJK No. 34/2014)
- 2) The Nomination and Remuneration Committee was formed by the Board of Commissioners and is responsible report directly to the Board of Commissioners. board of Commissioners can form a separate Nomination and Remuneration Committee.
- 3) The appointment of members of the Nomination and Remuneration Committee is carried out by the Board of Directors based on the Decision of the Board of Commissioners Meeting.
- 4) The Nomination and Remuneration Committee consists of at least 3 (three) members, namely 1 (one) Independent Commissioner who also serves as Chairman, 1 (one) Commissioner and 1 (one) executive officer at the company in charge of Human Resources.
- 5) The Nomination and Remuneration Committee is chaired by an Independent Commissioner. The Chair of the Nomination and Remuneration Committee is only permitted to hold concurrent positions as Committee Chair in a maximum of 1 (one) other Committee in the Company.
- 6) Members of the Nomination and Remuneration Committee are prohibited from being members of the Board of Directors.

#### **B. Membership Requirements**

- 1) Members of the Nomination and Remuneration Committee must have the following requirements:
  - a. Have high integrity, ability, knowledge and adequate work experience in the field of duties of the Nomination and Remuneration Committee.
  - b. Have no personal interests/relationships that could have a negative impact and conflicts of interest towards the Company.
  - c. Can provide sufficient time to complete tasks.
  - d. Able to collaborate and communicate well and effectively.
- 2) In addition to the requirements as mentioned above, members of the Nomination and Remuneration Committee who are independent parties must fulfill the following requirements:
  - a. Has no financial, management, share ownership and/or family relationships with the Board of Commissioners, Directors and/or Shareholders in accordance with applicable regulations, and which could affect his ability to act independently .
  - b. Not an owner, manager or employee of a company, body or institution that provides services to the Company or has a business relationship with the Company.
- 3) Executive officers in charge of human resources must have knowledge of remuneration and/or nomination systems.

#### **C. Meeting**

- 1) Nomination and Remuneration Committee meetings are held in accordance with the Company's needs, at least 3 (three) times a year.
- 2) Nomination and Remuneration Committee meetings can only be held if attended by at least 51% (five twenty-one per hundred) of the total members including an Independent Commissioner and an Executive Officer in charge of human resources.
- 3) Decision making at Nomination and Remuneration Committee meetings is carried out based on deliberation and consensus. In the event that consensus deliberation does not occur, then decisions are made based on the majority vote with the principle of 1 (one) person 1 ( one) vote.

- 4) The meeting is chaired by the Chair of the Nomination and Remuneration Committee and if the Committee Chair is unable to attend, the meeting is chaired by a senior committee member appointed/agreed at the Meeting.
- 5) The results of the Nomination and Remuneration Committee Meeting are stated in the minutes of the meeting which are signed by all Committee members and are properly documented.
- 6) Differences of opinion ( *dissenting opinions* ) that occur at Committee meetings must be stated clearly in the minutes of the meeting along with the reasons for the difference of opinion.
- 7) The minutes of the meeting as referred to in point (5) above are submitted in writing by the Remuneration and Nomination Committee to the Board of Commissioners.
- 8) The attendance of Nomination and Remuneration Committee members at meetings is reported in the annual report of the Nomination and Remuneration Committee.

#### **D. Authority, Rights and Obligations**

- 1) Based on a written assignment letter from the Board of Commissioners, the Nomination and Remuneration Committee can access records or information about funds, assets and other resources belonging to the Company related to the implementation of its duties. The Committee is obliged to report in writing the results of the assignment to the Board of Commissioners.
- 2) To carry out its duties, the Nomination and Remuneration Committee can collaborate with the Human Resources Department and other related departments.
- 3) Members of the Nomination and Remuneration Committee are required to carry out their duties properly and maintain the confidentiality of all Company documents, data and information, both from internal and external parties and are only used for the purposes of carrying out the Committee's duties.
- 4) The Nomination and Remuneration Committee in carrying out its duties and responsibilities related to the remuneration policy must pay attention to at least:
  - a. Financial performance and fulfillment of reserves as regulated in applicable laws and regulations.
  - b. Individual work performance
  - c. Obligations with peer group, and
  - d. Consider long-term goals and strategies
- 5) Before the current financial year, the Nomination and Remuneration Committee is obliged to prepare and submit an annual work plan and budget to the Board of Commissioners for adoption, a copy of which is submitted by the Board of Commissioners to the Board of Directors for information. The implementation of the Nomination and Remuneration Committee's annual work plan and budget is reported to the Board of Commissioners.
- 6) The Nomination and Remuneration Committee is obliged to prepare and submit a report on the implementation of its duties and responsibilities to the Board of Commissioners.

#### **E. Term of Service**

- 1) The term of office of members of the Nomination and Remuneration Committee who are members of the Board of Commissioners is the same as the term of their appointment as Commissioners determined by the General Meeting of Shareholders.
- 2) Members of the Nomination and Remuneration Committee who are members of the Board of Commissioners automatically cease when their term of office as a Member of the Board of Commissioners ends.
- 3) If a member of the Board of Commissioners who is appointed as a member of the Nomination and Remuneration Committee resigns from his position as Commissioner before his term of office is completed, then the position of the said Committee member can be replaced by another member of the Commissioner.
- 4) (thirty) days at the latest .
- 5) The term of office of members of the Nomination and Remuneration Committee who come from independent parties is a maximum of 3 (three) years and can be extended once for a 2 (two) year term of office so that the maximum accumulated term of office at the Company is 5 (five) years

without reducing The right of the Board of Commissioners to dismiss the relevant Committee members at any time.

#### **F. Conclusion**

- 1) Any costs incurred in connection with the implementation of the duties of the Nomination and Remuneration Committee are borne by the Company.
- 2) The Nomination and Remuneration Committee Charter will be reviewed for adequacy periodically (once a year) and if necessary will be updated or made changes with the approval of the Board of Commissioners.
- 3) Matters that have not been regulated in the Nomination and Remuneration Committee Charter will be regulated later by a Commissioner's decision letter.

#### **IV. Others**

Everything regarding the formation and implementation guidelines for the work of the Nomination and Remuneration Committee which is not specifically regulated in the Nomination and Remuneration Committee Charter is subject to Financial Services Authority Regulation Number 34/POJK.04/2014 concerning the Nomination and Remuneration Committee of Issuers or Public Companies as amended from time to time.