



**CHARTER FOR NOMINATION AND  
REMUNERATION COMMITTEE  
PT PROVIDENT AGRO TBK**

## CHARTER FOR NOMINATION AND REMUNERATION COMMITTEE

### PT PROVIDENT AGRO TBK (“COMPANY”)

In line with application of good corporate governance principle particularly transparency principle, implementation of nomination and remuneration function by Nomination and Remuneration Committee of the Company (“NRC”) must be conducted with following guidelines:

#### 1. Duties and Responsibilities

NRC must act independently in implementing their duties and shall responsible to Board of Commissioners.

##### 1.1 Nomination Function:

- a. Provide recommendation to Board of Commissioners of Company regarding:
  - composition, policy, criteria and nomination process of members of Board of Directors and/or Board of Commissioners; and
  - Policy of performance evaluation for members of Board of Directors and/or Board of Commissioners
- b. Propose candidate who meets the requirements as members of Boards of Directors and/or Board of Commissioners to Board of Commissioners for further submission to General Meeting of Shareholders (GMS) of Company.
- c. Assist Board of Commissioners to conduct evaluation on performance of members of Board of Directors and/or Board of Commissioners based on parameters which have been arranged as evaluation material.
- d. Propose recommendation to Board of Commissioners regarding development of capability program of members of Board of Directors and/or Board of Commissioners.
- e. Arrange succession policy for member of Board of Directors.

##### 1.2 Remuneration Function:

- a. Provide Recommendation to Board of Commissioners regarding:
  - remuneration structure for members of Board of Directors and/or Board of Commissioners.
  - remuneration policy and amount for members of board of Directors and/or Board of Commissioners.
- b. Assist Board of Commissioners in conducting performance assessment with remuneration conformity received by each member of Board of Directors and/or Board of Commissioners.

#### 2. Composition and Structure of Membership

- a. Member of NRC is appointed and terminated based on resolution adopted at a meeting of Board of Commissioners.
- b. NRC at least 3(three) members, on the following provisions:
  - 1(one) chairman who also holds the position as member, who is an Independent Commissioner; and

- Other members derived from:
    1. Member of Board of Commissioners;
    2. Party which is derived from outside Company; or
    3. Party who holds managerial position under Board of Directors who is in charge of human resources.
  - Other members as referred in point b above for the majority may not come from the party of managerial position under Board of Directors who is in charge of human resources.
  - Other member as referred in point b above derived from outside Company must meet the following requirements;
    - (i) Has no affiliation relationship with Company, members of Board of Directors, members of Board of Commissioners, or controlling shareholders of Company;
    - (ii) Has experience relating to nomination and/or remuneration; and
    - (iii) Has no concurrent position as member of other committee owned by the Company.
  - Members of Board of Directors of the Company cannot be a member of NRC.
- c. NRC shall be responsible to Board of Commissioners.

### **3. Work Procedure**

#### **3.1 Nomination Function**

- a. Arrange composition, policy, criteria and nomination process for members of Boards of Directors and/or Board of Commissioners in compliance with laws, articles of association of Company and guidelines of Company applicable to members of Boards of Directors and Board of Commissioners.
- b. Review and propose candidate who meets requirements as member of Board of Directors and/or Board Commissioners to Board of Commissioners for submission to GMS in compliance with laws, articles of association of Company and guidelines of Company applicable to members of Board of Directors and Board of Commissioners.
- c. Assist in conducting performance assessment of Board of Directors and/or Board of Commissioners based on parameters which have been arranged as evaluation material.
- d. Arrange program for development of the competence of members of Board of Directors and/or Board of Commissioners so that members of Board of Directors and/or Board of Commissioners can conduct their duties and responsibilities soundly, which include among others knowledge on vision, mission, strategy of Company, performance, financial and risk management of Company, knowledge on duties and responsibilities as members of Board of Directors and/or Board of Commissioners, laws, and other matters related to business activities of Company.
- e. Arrange succession policy for member of Board of Directors in line with evaluation of performance which have been conducted with purpose to maintain sustainable leader regeneration of Company in framework to maintain sustainable business and long term purpose of Company.

### **3.2 Remuneration Function**

- a. Arrange remuneration structure for members of Board of Directors and/or Board of Commissioners, remuneration structure can be in form of salary, honorarium, incentive and/or fixed and/or variable allowance.
- b. Arrange structure, policy and amount of remuneration, with observation of the following:
  - (i) Applicable remuneration in same industry type and business scale of Company;
  - (ii) Duties, responsibilities and authorities of members of Board of Directors and/or Board of Commissioners associated with achievement of objectives and performance of Company;
  - (iii) Individual performance target of each member of Board of Directors and/or Board of Commissioners;
  - (iv) Balance between permanent allowance and variable allowance.
- c. Remuneration provided must be proper, reasonable, competitive and transparently determined which amount of remuneration must observe performance evaluation result of members of Board of Directors and/or Board of Commissioners, conditions of Company such as characteristic, capacity, measurement and objective of Company.
- d. Remuneration policy can include long term incentive which is useful to improve loyalty and motivation of members of Board of Directors and/or Board of Commissioners for interest of Company in accordance with incentive terms and conditions, and conformity with the long term purpose of Company, conditions and risks which must be observed by Company
- e. Structure, policy and remuneration amount must be evaluated at least 1(one) time in 1(one) year.

### **4. Meeting Implementation**

- a. Meeting is implemented periodically at least 1(one) time every 4(four) months.
- b. Meeting can be held if attended by majority of total members of NRC and one of majority members of NRC must be Chairman of NRC.
- c. Decision of meeting is based on consensus. In case decision based on consensus fails to be reached, decision taking shall be based on majority votes.
- d. Result of meeting must be set out minutes of meeting and documented by Company.

### **5. Reporting System of Activities**

Nomination and remuneration function conducted by NRC must be reported to Board of Commissioners and constitute part of implementation report of duties of Board of Commissioners and shall also be submitted to GMS. Such report must be disclosed by Company in its annual report and website accordance with laws.

**6. Membership Replacement Procedure**

- a. Chairman of NRC and/or one member of NRC derived from members of Board of Commissioners may propose to Board of Commissioners on replacement of member of NRC if tenure of NRC has expired or member of NRS has resigned or dismissed.
- b. Replacement of member of NRC who does not come from Board of Commissioners shall be carried out within a period not later than 60(sixty) days since member of NRC are no longer able to implement his/her function.
- c. Decision on replacement of member of NRC must be based on resolution adopted at a meeting of Board of Commissioners.

**7. Tenure**

- a. Members of NRC are appointed for certain period and can be reappointed.
  - b. Tenure of members of NRC shall not be longer than tenure of Board of Commissioners as regulated in article of association of the Company.
-