



# **NOMINATION AND REMUNERATION COMMITTEE CHARTER**

**rev01**

**PT PETROSEA TBK.**

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## I. INTRODUCTION

Based on POJK No. 34/POJK.04/2014 dated 8 December 2014 regarding the Nomination and Remuneration Committee of Issuers or Public Companies ("POJK 34 of 2014") and the implementation of good corporate governance, it is necessary for companies to own a Committee Charter that serves as a guideline to ensure corporate governance is carried out properly, transparently and accountably, in order to enhance the quality, competency and responsibility of the Board of Directors and Board of Commissioners in an effort to increase trust of the Company's shareholders.

Along with the developments and dynamics of the sector and industry, as well as the results of an independent assessment conducted on August 8, 2019 by the Indonesian Institute for Corporate Directorship (IICD) regarding the implementation of the ASEAN Corporate Governance Scorecard (ACGS) standard within the Company, in 2020 the Board of Commissioners amended the name of the committee from the previous Human Capital Committee to the Nomination and Remuneration Committee in accordance with POJK 34 of 2014. An update to the previous Charter was also carried out in 2018 which updated the duties, authorities and responsibilities of committee members.

## II. DEFINITIONS

- II.1. Nomination means to nominate a person to be appointed in the position as a member of the Board of Directors and/or a member of the Board of Commissioners.
- II.2. Remuneration means a reward which is determined and provided to members of the Board of Directors and Board of Commissioners due to his/her position and role given in accordance with his/her duties, responsibilities and authorities.
- II.3. The Nomination and Remuneration Committee is a committee that carries out the nomination and remuneration function and is an organ of the Board of Commissioners which is independent and professional, which duties are to assist the Board of Commissioners in its supervisory function and to ensure that all nomination and remuneration systems and policies have been prepared and implemented in accordance with prevailing good corporate governance principles.
- II.4. The Company means PT Petrosea Tbk.

## III. ORGANIZATIONAL STRUCTURE

- III.1. The Nomination and Remuneration Committee is formed, appointed and responsible to the Board of Commissioners;
- III.2. The Nomination and Remuneration Committee consists of no less than 3 (three) members, with the following provisions:
  - 1. 1 (one) chairman who is also a member, who is an Independent Commissioner; and
  - 2. Other member(s) who are from:
    - i. Members of the Board of Commissioners;
    - ii. Parties outside the Company; or
    - iii. Parties that hold managerial positions below a Director in charge of human resources.
- III.3. The majority of the Nomination and Remuneration Committee members must not be parties who hold managerial positions below a Director in charge of human resources.
- III.4. Members of the Board of Directors of the Company cannot become the members of the Nomination and Remuneration Committee.

#### **IV. NOMINATION AND REMUNERATION COMMITTEE MEMBER REQUIREMENTS**

- IV.1. Has good understanding of the vision, mission, core values and culture of the Company;
- IV.2. Has high integrity, capabilities, knowledge and adequate work experience.
- IV.3. Does not have personal interests that may cause negative impacts and conflicts of interest towards the Company.
- IV.4. Has sufficient time to complete his/her duties.
- IV.5. Is able to communicate and work well and effectively together.
- IV.6. Specifically for the Chairman and Members of the Nomination and Remuneration Committee who are also Independent Commissioners, a general provision applies that he/she does not have affiliate relations with the Company, members of the Board of Directors, members of the Board of Commissioners or majority shareholders of the Company.
- IV.7. It is prohibited to gain personal interest directly or indirectly from the Company's activities other than his/her legitimate remuneration.

#### **V. NOMINATION AND REMUNERATION COMMITTEE RESPONSIBILITIES & DUTIES**

The Nomination and Remuneration Committee must act independently and is responsible to the Board of Commissioners. The Nomination and Remuneration Committee duties are:

- V.1. Related to the nomination function:
  - 1. To provide recommendations to the Board of Commissioners regarding:
    - i. The composition of members of the Board of Directors and/or members of the Board of Commissioners positions;
    - ii. The required policy and criteria for the nomination process;
    - iii. The performance evaluation policy for the members of the Board of Directors and/or the members of the Board of Commissioners.
  - 2. To assist the Board of Commissioners in conducting the evaluation assessment for the members of the Board of Directors and/or members of the Board of Commissioners based on a benchmark which has been prepared as evaluation material;
  - 3. To provide recommendations to the Board of Commissioners regarding competency development programs for the members of the Board of Directors and/or members of the Board of Commissioners;
  - 4. To propose 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 conveyed during the Company's General Meeting of Shareholders;
  - 5. To review, propose and recommend up to one level below the Board of Directors in regards to the implementation of duties related to talent management and succession planning.
- V.2. Related to the remuneration function:
  - 1. To provide recommendations to the Board of Commissioners regarding:
    - i. The remuneration structure;
    - ii. The remuneration policy;
    - iii. The remuneration amount;

2. To assist the Board of Commissioners in conducting performance evaluations based on remuneration received by each member of the Board of Directors and/or members of the Board of Commissioners.

## **VI. AUTHORITIES, RIGHTS AND OBLIGATIONS**

- VI.1. Able to access all Company documents, data and information. The Nomination and Remuneration Committee will be assisted by, but not limited to, the Human Capital, Legal and Finance & Accounting divisions. Nonetheless, the Nomination and Remuneration Committee can obtain assistance from external parties who are not employees of the Company or obtain assistance from relevant organizations, with expenses paid by the Company (if any). The above authority includes to maintain, terminate as well as obtain advice and assistance from the legal counsel and external legal consultant or other parties.
- VI.2. Directly communicate with employees, including the Board of Directors and parties who carry out the human resource function and other functions related to the duties and responsibilities of the Nomination and Remuneration Committee.
- VI.3. Able to involve independent parties outside the members of the Nomination and Remuneration Committee required to assist in carrying out their duties (if necessary) on the Company's expense and with the approval from the Board of Commissioners.
- VI.4. In carrying out his/her duties, he/she must pay attention to the financial performance of the Company, individual work performances, reasonableness and consideration regarding goals as well as the long-term strategy of the Company and other considerations.
- VI.5. Must report the implementation of duties, responsibilities and nomination and remuneration procedures to the Board of Commissioners and convey them during the General Meeting of Shareholders.
- VI.6. Must convey the implementation of the nomination and remuneration functions in Company's annual report and website.
- VI.7. Responsible for the Senior Executive and Executive levels.

## **VII. MEETINGS**

- VII.1. The Nomination and Remuneration Committee meeting must be held regularly at least 1 (one) time in 4 (four) months.
- VII.2. The Nomination and Remuneration Committee meeting can only be held if:
  1. It is attended by the majority of the Nomination and Remuneration Committee members; and
  2. One of the majority Nomination and Remuneration Committee members is the Chairman of the Nomination and Remuneration Committee.
- VII.3. In order for all meetings to proceed on schedule, written notifications (meeting invitations) can be sent through facsimile, email or registered letter to all members of the Nomination and Remuneration Committee no later than 7 (seven) working days prior the date of the meeting and accompanied with relevant documents and agenda.
- VII.4. Written notifications (meeting invitations) must include the meeting agenda, which can be created based on the annual work plan or specific matters conveyed to the Board of Commissioners or determined by the Chairman of Nomination and Remuneration Committee after consulting with members of the Nomination and Remuneration Committee.
- VII.5. The Nomination and Remuneration Committee can make a decision if the meeting is attended by more than  $\frac{1}{2}$  of the members of Nomination and Remuneration Committee. The decision of the Nomination and Remuneration Committee meeting

will be made based on mutual consent. If it is not achieved, the decision will be made based on the most votes.

- VII.6. In the event of the decision making process contains a difference of opinion, that difference of opinion must be included in the minutes of meeting together with the reasons for the difference of opinion.
- VII.7. The Nomination and Remuneration Committee meeting resolution must be included in the minutes of meeting and documented by the Corporate Secretary.
- VII.8. The minutes of meeting of the Nomination and Remuneration Committee must be conveyed in writing to the Board of Commissioners.

## **VIII. NOMINATION AND REMUNERATION COMMITTEE TERM OF OFFICE**

- VIII.1. The term of office of the members of the Nomination and Remuneration Committee is no longer than the term of office of the Board of Commissioners of the Company as stipulated in the Company's articles of associations.
- VIII.2. Members of the Nomination and Remuneration Committee have the right to resign from his/her position and must convey the resignation request in writing to the Company no later than 90 (ninety) days prior his/her resignation date.
- VIII.3. Members of the Nomination and Remuneration Committee term of office are terminated if they:
  - a. Resign as stated in No. VIII.2 above.
  - b. No longer meet the requirements as stated by prevailing financial services authority regulations or laws and regulations.
  - c. Are deceased.
  - d. Declared as bankrupt or placed under security based on court decision.
  - e. Dismissed based on a resolution by the Board of Commissioners.
- VIII.4. A member of the Nomination and Remuneration Committee, who is also a member of the Board of Commissioners, is dismissed prior to his term of office ending, must be replaced by another appointed member of the Board of Commissioners.

## **IX. MISCELLANEOUS**

- IX.1. The Nomination and Remuneration Committee must review and reassess the contents of the Nomination and Remuneration Committee Charter each year and recommend the proposed amendment to the Board of Commissioners to attain approval.
- IX.2. In the event of contradictions in the provision between the Nomination and Remuneration Committee Charter and POJK 34 year 2014, as amended from time to time, therefor the provision in the POJK 34 year 2014 or prevailing rules and regulations will be applied.