

**WORK GUIDELINE OF THE
NOMINATION AND REMUNERATION
COMMITTEE OF
PT SUMBER ALFARIA TRIJAYA Tbk.**



2019

This Work Guideline of the Nomination and Remuneration Committee ("NRC") is prepared to provide guidance for NRC members in performing their duties and responsibilities. This Guideline is prepared by referring to the Articles of Association of the Company and the prevailing laws and regulations, including Law No. 40 of 2007 on Limited Liability Companies, rules of the Financial Services Authority or (*Otoritas Jasa Keuangan* - "OJK") and rules of the Indonesian Stock Exchange.

The Nomination and Remuneration Committee is a committee formed by and is accountable to the Board of Commissioners in assisting with the implementation of the functions and duties of the Board of Commissioners with regard to Nomination and Remuneration for the members of the Board of Directors and members of the Board of Commissioners.

Nomination is the act of proposing a person to be appointed for the position as a member of the Board of Directors or a member of the Board of Commissioners. Remuneration is the honorarium that is determined and is given to members of the Board of Directors and members of the Board of Commissioners because of their positions and roles that are given to them in accordance with the duties, responsibilities and authorities of members of the Board of Directors and members of the Board of Commissioners.

1. LEGAL BASIS

1. Law No. 40 of 2007 on Limited Liability Companies;
2. Regulation of the Financial Services Authority No. 34/POJK.04/2014 regarding Nomination and Remuneration Committees of Issuers or Public Companies (**"POJK No. 34/2014"**);
3. Regulation of the Financial Services Authority No. 33/POJK.04/2014 regarding Board of Directors and Board of Commissioners of Issuers or Public Companies (**"POJK No. 33/2014"**); and
4. The provisions of the Articles of Association of the Company.

2. COMPOSITION AND STRUCTURE

At the minimum consists of 3 (three) persons, subject the following conditions:

1. 1 (one) member will act as the Chairman of NRC and should be an Independent Commissioner.
2. Persons who may be appointed as other members of NRC are as follows:
 - i) incumbent members of the Board of Commissioners of the Company; and/or
 - ii) persons from outside the Company; and/or
 - iii) persons who are on the managerial position below the Board of Directors who are in charge of human resources, provided that the majority of the members of NRC are not persons with managerial positions in charge of human resources.

If there is a person from outside the Company who will be appointed as a member of NRC, such person:

1. may not be an Affiliate of the Company, any of the members of the Board of Directors, any of the members of the Board of Commissioners or a Major Shareholder of the Company.

2. such person must have relevant experience relating to nomination and/or remuneration.
3. is not holding a position as a member of any other committee of the Company.
4. an NRC member must have high integrity and adequate skill, knowledge and experience. NRC member must be able to cooperate and communicate properly and can allocate adequate time to perform the duties and responsibilities of NRC.

3. TERM OF OFFICE AND PROCEDURE FOR REPLACEMENT

1. NRC members shall be appointed and dismissed based on the resolutions of the Board of Commissioners. NRC members shall be appointed for a term of office that commences on the date as determined by the Board of Commissioners until the close of an Annual GMS, since that date, subject to applicable rules.
2. The term of office of an NRC member ends if he/she:
 - a. resigns;
 - b. no longer complies with prevailing laws and regulations;
 - c. passes away; or
 - d. is dismissed based on a resolution of the Board of Commissioners.
3. An NRC member whose term of office has ended may be re-appointed, but not for a longer period than the term of office of the members of the Board of Commissioners as provided in the Articles of Association.
4. An NRC member may resign from his/her position by giving a notice of such intention to the Company at the latest 30 (thirty) calendar days prior to the date of his/her resignation. If the resignation of such NRC member results in the number of NRC members to be less than 3 (three), the Board of Commissioners

must hold a meeting at the latest 60 (sixty) calendar days after the receipt of such written notice of resignation to appoint another person as a replacement of the NRC member who is resigning.

5. The replacement of a Committee member who is not from the Board of Commissioners shall be conducted at the latest 60 (sixty) days since the relevant Committee member is no longer able to perform his/her function.
6. Issuer or Public Company must document the decision on the appointment and dismissal of members of the Nomination and Remuneration Committee. Provisions regarding membership and appointment of members of the Nomination and Remuneration Committee shall apply to Nomination and Remuneration Committee that is formed separately by the Board of Commissioners.

4. DUTIES AND RESPONSIBILITIES

The Nomination and Remuneration Committee must act independently in performing its duties. In performing its duties, the Nomination and Remuneration Committee shall be accountable to the Board of Commissioners.

1. With respect to Nomination Function
 - a) Prepare and give recommendations to the Board of Commissioners in relation to the determination of:
 1. the composition of the positions of members of the Board of Directors and the Board of Commissioners;
 2. the policy and criteria required in the Nomination process;
 3. the evaluation policy of members of the Board of Directors and the Board of Commissioners; and

- b) Assist the Board of Commissioners in performing performance assessments on members of the Board of Directors and the Board of Commissioners based on a benchmark that has been prepared as evaluation material;
- c) Give recommendations to the Board of Commissioners regarding programs for capability development of the members of the Board of Directors and/or the Board of Commissioners;
- d) Give proposals on candidates who meet the qualifications as members of the Board of Directors and/or members of the Board of Commissioners to the Board of Commissioners, to be proposed at the General Meeting of Shareholders ("GMS").

2. With respect to Remuneration Function

- a) Give recommendations to the Board of Commissioners on the structure, policy and amount of remuneration of members of Board of Directors and Board of Commissioners;
- b) Assist the Board of Commissioners in carrying out performance assessments and compatibility with remunerations received by each of the members of Board of Directors and Board of Commissioners.

5. WORK ETIQUETTE AND PROCEDURE

1. With respect to Nomination Function

- a) Prepare the composition and nomination process of members of Board of Directors and Board of Commissioners.
- b) Prepare the policy and criteria required in the nomination process of candidates for members of Board of Directors and Board of Commissioners.

- c) Assist in carrying out performance assessments on members of Board of Directors and Board of Commissioners.
- d) Prepare capability development programs for members of Board of Directors and/or Board of Commissioners.
- e) Review and propose candidates that meet the qualifications to become members of Board of Directors and/or Board of Commissioners to the Board of Commissioners, to be proposed to the GMS.

2. With respect to Remuneration Function

- a) Prepare the structure, policy and amount of remuneration for members of Board of Directors and/or Board of Commissioners, taking into account the following matters:
 - (i) remunerations that apply in similar industry and scale of business;
 - (ii) duties, responsibilities and authorities of members of Board of Directors and Board of Commissioners linked with the achievement of the purposes and performance of the Company;
 - (iii) performance target and performance of each member of Board of Directors and Board of Commissioners;
 - (iv) balance of allowances between those that are fixed and those that are variable in nature.
- b) Remuneration structure may be in the form of salary, honorarium, incentive and/or fixed and/or variable allowances.
- c) The structure, policy and amount of Remuneration must be evaluated by the Committee at the minimum 1 (once) every 1 (one) year.

6. ORGANIZATION OF MEETINGS

1. The meeting of the Nomination and Remuneration Committee shall be held periodically at the minimum 1 (once) in every 4 (four) months.
2. The meeting of the Nomination and Remuneration Committee may be held only if:
 - a. It is attended by the majority of the members of the Nomination and Remuneration Committee; and
 - b. One from the majority of the members of the Nomination and Remuneration Committee as referred to in letter a is the Chairman of the Nomination and Remuneration Committee.
3. If deemed necessary, the Committee may invite other parties who are related to the material of the meeting, to attend the meeting with the prior approval from the Board of Commissioners.
4. The invitation for the meeting shall be made at least 7 (seven) calendar days and for urgent matter at least 2 (two) calendar days before the date of the meeting, stating the day, date, time, venue and/or media of the meeting, and the agenda of the meeting that will be discussed.
5. In principle, meetings shall be held at the head office of the Company, however when deemed necessary, meetings may be convened in other places. Meetings can also be convened using teleconference, video conference or other electronic media facilities that allow all participants of the Committee meetings to see and hear each other directly and to participate in the meeting.
6. Meetings shall be chaired by the Chairman of the Committee. The Chairman of the Committee may delegate his/her authority as chairperson of the meeting to one of the members who is present.

7. A member of the Committee who is present and is appointed by the Chairman of the Committee must record and prepare the minutes of meeting.
8. The resolutions of the Committee meeting must be based on deliberation to reach consensus. In the event a resolution through deliberation to reach consensus cannot be achieved, the adoption of the resolution shall be based on majority vote.
9. Any matter discussed and resolved in a Committee meeting including any dissenting opinion shall be recorded in the minutes of meeting that is prepared in writing and signed by all Committee members who are present, as a valid evidence of the resolutions adopted in the meeting, and shall be submitted to the Board of Commissioners.
10. The result of the meeting must be recorded in minutes of meeting and the minutes of meeting must be documented by the Company.
11. The number of meetings including the attendance of each Committee member in meetings as well as a brief report of the Committee that contains important matters that were discussed by the Committee must be submitted to the Board of Commissioners to be disclosed in the Annual Report.

7. REPORTING

1. The Committee must prepare an annual report regarding its duties and responsibilities, including the implementation of the activities of the Committee, and the level of its performance achievement to the Board of Commissioners to be disclosed in the annual report of the Company to be presented at the GMS.

2. The Company must disclose the implementation of functions relating to Nomination and Remuneration in the annual report and the website of the Company.
3. Information regarding the implementation of functions relating to Nomination and Remuneration that is disclosed in the annual report of the Company and in the website of the Company must at least contain a statement that the Company has a Guideline of the Nomination and Remuneration Committee and a brief description of the implementation of the duties and responsibilities of the Nomination and Remuneration Committee in the financial year.

8. RESTRICTIONS

1. Each member of the Nomination and Remuneration Committee is prohibited from taking personal benefit either directly or indirectly from the activities of the Company other than his/her official income.
2. Members of the Board of Commissioners who become Chairman or member of the Nomination and Remuneration Committee will not be given additional income other than income as members of the Board of Commissioners.

9. MISCELLANEOUS PROVISIONS

1. This Guideline of the Nomination and Remuneration Committee has been approved by the Meeting of the Board of Commissioners that was held on 28 October 2019 and became effective on that same day and date.
2. This Guideline of the Nomination and Remuneration Committee shall be evaluated periodically for improvements.