

NOMINATION AND REMUNERATION COMMITTEE (NRC)

GUIDELINES FOR PT FKS MULTI AGRO Tbk ("Company")

1. BACKGROUND

- 1.1 According to the Financial Services Authority Regulation No. 34/POJK. 04/2014 dated 8 December 2014 concerning the NRC, the function of Nomination and Remuneration in the Company must be implemented by the Board of Commissioners (BOC). In order to carry out this function, the BOC is required to set up an NRC.
- 1.2 Based on the Company's Articles of Association and Law No. 40 year 2007 regarding a Limited Liability Company, the BOC can form committees in order to support the implementation of their duties and responsibilities of supervision in the Company.

2. PURPOSE

The purpose of forming NRC is to ensure the following:

- 2.1. To assist the supervisory duty of the BOC.
- 2.1 To carry out, regulate and enforce the principles of Good Corporate Governance (GCG) in line with the nomination process of the Board of Directors (BOD) and/or members of the BOC and provide recommendations relating to the appointment, termination and/or replacement of members of the BOD and/or members of the BOC.

3. DEFINITION

- 3.1 The NRC is a committee formed by and responsible to the BOC to assist carrying out their function and duty with respect to nomination and remuneration of the BOD & BOC members.
- 3.2 Nomination is a process of proposing the candidature of an individual to be considered for appointment as a member of the BOD and/or BOC.
- 3.3 Remuneration is the monetary reward given to the BOD and BOC owing to the Board members respective position and role in the Company and decided in accordance with their duties, responsibilities and authority.

4. STRUCTURE AND MEMBERSHIP

- 4.1. The NRC is formed by the BOC and is directly responsible to the Board. The BOC can set up & establish a separate NRC
- 4.2. The NRC should be constituted with at least 3 (three) members and should comprise of:
 - 4.2.1. A Chairman and member, who is an Independent Commissioner; and
 - 4.2.2. Other members can be chosen from:
 - a. The BOC;
 - b. Third Party i.e representative(s) from outside the Company; or
 - c. Those individuals holding managerial positions under the Human Resources Director.
 - 4.2.3. Members of NRC as intended in 4.2.2 shouldn't solely be comprising of those holding managerial positions under the Director of Human Resources.
 - 4.2.4. The NRC members selected from outside the Company as intended in 4.2.2 b must fulfill the following conditions:

- a. Should not be affiliated with the Company, BOD, BOC, nor the Company's main shareholder;
- b. Should have adequate experience regarding nomination and/or remuneration function; and
- c. Should not be concurrently serving as a member of any other committee in the Company.

4.2.5. Member of the BOD of Issuer or Public Company cannot be a member of NRC.

5. PROCEDURE FOR REPLACEMENT AND TENURE

- 5.1. Appointment and termination of NRC members should be carried by the BOC based on their decision during a BOC meeting.
- 5.2. NRC members are appointed for a specific term and can be reinstated, but their tenure cannot last beyond the term of the BOC as stipulated in the Articles of Association.
- 5.3. The replacement of an NRC member who does not belong to the BOC should be done within 60 (sixty) days since the said NRC member is no longer able to perform the assigned duty.

6. DUTY, RESPONSIBILITY AND AUTHORITY

- 6.1. The NRC shall act independently in carrying out its duties.
- 6.2. Task in relation to the Nomination Policy:
 - 6.2.1. To provide recommendations to the BOC regarding:
 - a. Composition of the BOD and/or BOC.
 - b. Policy and criteria required in the nomination process; and
 - c. Performance evaluation policy for the BOD and/or BOC members.
 - 6.2.2. Assisting BOC to appraise the performance of BOD and/or BOC based on benchmarks drafted for evaluation purposes.
 - 6.2.3. To provide recommendations to the BOC regarding program(s) to enhance the capabilities of BOD and/or BOC members; and
 - 6.2.4. Provide suggestions about prospective candidates to the Company's BOD and/BOC to be conveyed for the General Meeting of Shareholders (GMS).
- 6.3. Task in relation to the Remuneration Policy:
 - 6.3.1. Providing recommendations to the BOC regarding:
 - a. Remuneration Structure comprising of:
 - Salary
 - Honorarium
 - Incentives and/or
 - Fixed and/or variable allowances
 - b. Policy on remuneration and
 - c. The quantum of gross remuneration package.
 - 6.3.2. To assist BOC for conducting performance appraisals and its evaluation in line with the respective remuneration received by the BOD and BOC members.

7. ORDINANCE AND PROCEDURE

- 7.1. In carrying out the nomination function referred to in clause 6. 2, the NRC is mandatorily obliged to perform the following:
 - 7.1.1. To propose the composition and nomination process for BOD and/or BOC;

- 7.1.2. To articulate policy and criteria required for the process of nominating candidates to the BOD and/or BOC;
- 7.1.3. To assist in evaluating the performance of BOD and/or BOC;
- 7.1.4. To develop programs for upgrading the skills and/or capabilities of BOD and/or BOC; and
- 7.1.5. To study and propose the candidature of prospective individuals for their appointment to the BOD and/or BOC to the BOC for conveying it to the GMS.
- 7.2. In carrying out the remuneration function as intended in clause 6.3, the NRC is mandatorily obliged to carry out the following:
 - 7.2.1. To construct remuneration structure for members of BOD and/or BOC
 - 7.2.2. To develop a policy on remuneration for members of BOD and/or BOC and
 - 7.2.3. To arrange remuneration for the members of BOD and/or BOC
 - 7.2.4. The formulation of structure, policy and gross remuneration package should pay attention to:
 - a. Be in line with Industry standards which is comparable to company's business activities
 - b. Carrying out of the duty, responsibility and authority by BOD and/or BOC members to ensure achieving the Company's objectives and performance.
 - c. Performance Targets i.e the performance of the BOD and/or BOC member; and
 - d. Balance the allowances between fixed and variable.
 - 7.2.5. The structure, policy and quantum of remuneration must be evaluated by the NRC at least once in a year.

8. MEETINGS

- 8.1. The NRC meetings should be held periodically, at least once in four months ie 1 (one) time in 4 (four) months.
- 8.2. The NRC meeting can only be held, provided:
 - 8.2.1. It is attended by majority of the members of the NRC and
 - 8.2.2. Amongst majority of members attending NRC meeting, the Chairman is also present
 - 8.2.3. The decision of the NRC is conducted based on consensus deliberation.
 - 8.2.4. In case consensus deliberation is not reached, then decision is made based on majority of votes casted.
 - 8.2.5. If equal votes get casted for and against the course of a proposed plan of action, then the decision is taken through the mechanisms set out in the NRC guidelines.
 - 8.2.6. If there were differences of opinion in the process of taking a decision, then it is imperative to note such divergent opinions in the minutes of the meeting, along with the reasons for such differences.
 - 8.2.7. The resolution of the NRC should be set forth in the minutes of the meeting, be well documented by the company and must be submitted in writing to the BOC.

9. REPORTING SYSTEMS AND OPERATIONS

- 9.1. NRC should report the performance of the nomination and remuneration procedures conducted by the BOC.
- 9.2. The report as referred to in 9.1 above shall form a part of the report of BOC's duties and presented during the Company's GMS.

10. PROHIBITIONS AND RESTRICTIONS

- 10.1. As a member of the NRC, the individual is prohibited from indulging in such activities that either directly or indirectly result in personal gain at the expense of the Company, other than the legitimate income.
- 10.2. Members of the BOC who are a part of NRC be it the Chairman or ordinary committee members, do not receive any additional income other than their remuneration as members of the BOC.

Jakarta, August 24, 2020

PT FKS Multi Agro Tbk

Nomination and Remuneration Committee



Hidayatullah Suralaga
Chairman concurrently
Member

Farhan Rio Gunawan
Member



Kusnarto
Member

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Chairman concurrently
Member

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Member



Kusnarto
Member