

# **The Nomination and Remuneration Committee Charter**

## **PT United Tractors Tbk**

**December 2015**

## THE NOMINATION AND REMUNERATION COMMITTEE CHARTER

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### 1. Introduction

As an Indonesian limited liability company, PT United Tractors Tbk (the “**Company**” or “**UT**”) has 3 (three) corporate bodies, comprising:

- The General Meeting of Shareholders
- The Board of Commissioners
- The Board of Directors

Each corporate body of the Company has its respective duties and authorities with independence to carry out its respective duties and authorities in accordance with the Articles of Association of the Company and prevailing laws and regulations.

The General Meeting of Shareholders (“**GMS**”) in principle is the forum for shareholders to determine the Board of Directors members and the Board of Commissioners members as well as to approve annual financial statements, annual reports, appropriation of net income, changes to the capital and restructuring of the Company.

The Board of Commissioners carries out an oversight function, while the Board of Directors manages the Company.

The Board of Commissioners shall form a Nomination and Remuneration Committee (“**NRC**”), which shall be charged with assisting the Board of Commissioners in carrying out its duties and oversight function relating to the nomination and remuneration system of the Board of Directors members and the Board of Commissioners members.

This NRC Charter (“**Charter**”) is issued to provide guidance to the NRC and its members in carrying out their duties and responsibilities.

### 2. Duties and Responsibilities

#### 2.1. Nomination Function

The duties and responsibilities of NRC are as follows:

- 2.1.1 Provide recommendations to and/or assist the Board of Commissioners regarding:
  - a. The composition of the Board of Directors and the Board of Commissioners;

- b. The policy and criteria required in the nomination process of the Board of Directors members and the Board of Commissioners members;
  - c. The policy on performance evaluation of the Board of Directors members and the Board of Commissioners members; and
  - d. The development program for the Board of Directors members and the Board of Commissioners members.
- 2.1.2 Assist the Board of Commissioners in relation to the assessment of the performance of the Board of Directors members and the Board of Commissioners members based on predetermined criteria.
- 2.1.3 Propose qualified candidates as the Board of Directors members and the Board of Commissioners members to the Board of Commissioners to be conveyed to the GMS for its approval.

## **2.2. Remuneration Function**

The duties and responsibilities of NRC are as follows:

- 2.2.1 Provide recommendations to and/or assist the Board of Commissioner regarding:
- a. The remuneration structure of the Board of Directors members and the Board of Commissioners members;
  - b. The remuneration policy of the Board of Directors members and the Board of Commissioners members; and
  - c. The remuneration amount of the Board of Directors members and the Board of Commissioners members.
- 2.2.2 Assist the Board of Commissioners in evaluating the appropriateness of the remuneration of each member of the Board of Directors and the Board of Commissioners in relation to their performance.

The above duties and responsibilities of the NRC shall be carried out as provided in Section 5 below.

The Board of Commissioners may authorize the NRC to carry out certain duties and responsibilities of the Board of Commissioners in relation to its nomination and remuneration functions.

In performing its duties and responsibilities as stipulated in this Charter, the NRC shall act independently.

Each member of the NRC is prohibited to take personal advantage, either directly or indirectly, from activities of the Company.

### **3. Composition and Membership Structure**

The NRC shall consist of at least 3 (three) members, with the following requirements:

- a. 1 (one) chairman also acting as a member, is an independent commissioner of the Company specifically appointed by the Board of Commissioners.
- b. Persons that can be elected as other members of the NRC are as follows:
  - (i) existing Commissioners of the Company; and/or
  - (ii) persons from outside of the Company; and/or
  - (iii) human resource officers of the Company having managerial position under the Board of Directors, provided that a majority of the members of NRC as referred to in this Section 3.b may not be from human resource officers.

If a person outside of the Company referred to in Section 3.b above is to be elected as a member of the NRC, he/she must not be an Affiliate of the Company, any members of the Board of Directors, any members of the Board of Commissioner, or Main Shareholders of the Company. The person must have experience related to nomination and/or remuneration and must not hold a position as a member of any other committee in the Company.

The member of NRC who is also a member of the Board of Commissioners of the Company shall not be given additional income other than income as a member of the Board of Commissioners.

A member of the NRC shall have good integrity and adequate capability, knowledge and relevant experience. The member must be able to work together and communicate well and allocate sufficient time to carry out the duties and responsibilities of the NRC.

The NRC may appoint a human resource officer of the Company to be the secretary of the NRC.

### **4. Appointment**

A member of the NRC is appointed and dismissed by virtue of a resolution of the Board of Commissioners. A member of the NRC shall be appointed as of the date of the appointment of NRC members until the closing of the second Annual GMS, provided

that the terms of office of members of NRC shall no be longer than the terms of office of Board of Commissioners, who appointed them.

The term of office of the members of the NRC shall terminate if he/she:

- a. tenders his/her resignation;
- b. no longer complies with the requirement of the prevailing laws and regulations;
- c. passes away; or
- d. is dismissed by virtue of a resolution of the Board of Commissioners.

A member of the NRC, whose term of office has expired may be reappointed.

A member of the NRC may resign from his/her post by giving a written notice to the Company at least 30 (thirty) calendar days prior to the resignation date. If a resignation of an NRC member resulted in the numbers of the NRC members becoming less than 3 (three), then the Board of Commissioners shall convene a meeting to appoint a person to replace the resigning NRC member at the latest 60 (sixty) calendar days after receiving the resignation written notice.

## **5. Working Procedures**

### **5.1. Nomination Function**

In connection with the duties and responsibilities of the NRC referred to in Section 2 above, the NRC shall carry out the following:

- a. Identify and propose qualified candidates as the Board of Directors members and the Board of Commissioners members to the Board of Commissioners to be conveyed to the GMS for its approval.
- b. Consider and determine on behalf of the Board of Commissioners:
  - The appropriate structure, size and composition of the Board of Directors and the Board of Commissioners.
  - Plans for succession of the Board of Directors and the Board of Commissioners.
  - Policy and criteria required in the nomination process of the Board of Directors and the Board of Commissioners.
  - Policy on performance evaluation of the Board of Directors members and the Board of Commissioners members.
  - The performance assessment result of the Board of Directors members and the Board of Commissioners members based on predetermined criteria.

- Development program for the Board of Directors members and the Board of Commissioners members.

## **5.2 Remuneration Function**

- 5.2.1 In connection with the duties and responsibilities of the NRC referred to in Section 2 above, the NRC shall consider and determine, on behalf of the Board of Commissioners:
- a. Remuneration structure of the Board of Directors members and the Board of Commissioners members.
  - b. Remuneration policy of the Board of Directors members and the Board of Commissioners members.
  - c. Remuneration of each of the Board of Directors members.
  - d. Remuneration of each of the Board of Commissioner members (unless provided otherwise by the GMS).
  - e. Evaluate the appropriateness of the remuneration of each member of the Board of Directors and the Board of Commissioners in relation to their performance.
- 5.2.2 In determining the structure, policy and amount of remuneration, the NRC shall observe the following:
- a. the practice of remuneration in the industry with similar business and/or scale of the Company;
  - b. duties, responsibilities and authorities of the Board of Directors members and the Board of Commissioners members related to the achievement of target and performance of the Company;
  - c. target and performance of each member of the Board of Directors and each member of the Board of Commissioners; and
  - d. the balance of fixed allowance and variable allowance.

The NRC is authorized to carry out other actions it deems necessary to carry out its duties and responsibilities in accordance with the prevailing regulations.

## **6. Meetings**

### **6.1 Schedule**

The meeting of NRC shall be convened periodically at least 1 (once) every 4 (four) months.

**6.2 Invitations**

- a. Invitation for the NRC meeting shall be issued by the chairman of the NRC or a member of NRC.
- b. Invitation for the NRC meeting shall be delivered to each member of the NRC at the latest 10 (ten) calendar days and for any urgent matters at the latest 5 (five) calendar days prior to the meeting, excluding the date of the invitation and the date of meeting.
- c. The NRC may also invite other party(ies) who is deemed necessary in connection with the performance of NRC duties, to attend the meeting of NRC.
- d. Invitation for the meeting shall provide the agenda, date, time, and venue of the meeting.
- e. The NRC meeting shall be held in the territory of the Republic of Indonesia. If all members of the NRC are present or represented, no prior invitation shall be required and the meeting of the NRC can be convened elsewhere and entitled to adopt valid and legally binding resolutions.
- f. The meeting of the NRC may also be convened by video conference or other electronic media by which the persons participating in the meeting are able to see and hear as well as participate with each other at the meeting.

**6.3. Chairman and Resolutions of the Meeting**

- a. The meeting of NRC shall be presided by the chairman of the NRC.
- b. The meeting of NRC shall only be convened if attended by simple majority of members of the NRC, including the chairman of the NRC.
- c. Resolutions of the meeting of NRC shall be adopted based on deliberation to reach a consensus. If a consensus is not achieved, the resolutions shall be adopted by simple majority votes.
- d. In the event of a tie vote, the proposal shall be deemed to be rejected.
- e. In the event of a dissenting opinion, such opinion shall be documented in the minutes of meeting along with the reason.
- f. The minutes of the NRC meeting shall be drawn up by a person who is present at the meeting and appointed by the chairman of meeting. It shall further be signed by the chairman of meeting and one member of the NRC who is present at the meeting and appointed for the said purpose to verify the completeness and accuracy of the minutes of the meeting.
- g. The result of the meeting of the NRC shall be documented in the minutes of meeting.
- h. The materials and the minutes of the meetings of NRC shall be kept confidential.

- i. The NRC may also adopt valid resolutions without convening a meeting of the NRC if all members of the NRC have been informed in writing and give their written approval to the proposal submitted as evidenced by their signatures.

## **7. Reporting**

In performing its duties, the NRC shall be responsible to the Board of Commissioners.

The NRC shall report its performance of duties and responsibilities to the Board of Commissioners. The report shall be part of the Board of Commissioners report included in the Annual Report of the Company to be conveyed in the GMS.

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