



**IMPLEMENTATION GUIDELINES
NOMINATION AND REMUNERATION FUNCTION
PT ADARO MINERALS INDONESIA TBK**

2024

CHAPTER 1 INTRODUCTION

A. INTRODUCTION

PT Adaro Minerals Indonesia Tbk (“**the Company**”) is a public company based on the Financial Services Authority’s (“**FSA**”) letter number S-239/D.04/2021 of December 23rd, 2021 on the Notification on Effective Registration Statement. As a public company, the Company is subject to all provisions of the applicable regulatory requirements, including those of the capital market, in running the business.

Pursuant to Article 2 of FSA Regulation number 34/POJK.04/2014 on the Issuers’ or Public Companies’ Nomination and Remuneration Committee (“**POJK 34/2014**”), issuers or public companies shall have a nomination and remuneration function, with the implementation performed by the Board of Commissioners (BoC). In performing such nomination and remuneration function, the BoC may establish a nomination and remuneration committee.

Before the nomination and remuneration committee is established, the nomination and remuneration function is carried out by the BoC.

This implementation guidelines for the nomination and remuneration function (“**the Guideline**”) is developed to fulfil Article 20 of POJK 34/2014, to serve as the guidelines for the BoC’s proper performance of the nomination and remuneration function, and is in line with the BoC’s commitment to good corporate governance principles.

B. DEFINITION

1. **The Board of Commissioners (“BoC”)** is the Company’s organ carrying out general and/or specific supervisions in accordance with the Company’s articles of association (“**Articles of Association**”) and providing advice for the Board of Directors.
2. **The Board of Directors (“BoD”)** is the Company’s organ having full authority and responsibility for managing the Company for the Company’s best interest, in accordance with the Company’s purposes and objectives, and for representing the Company, both in and outside the court, in accordance with the provisions of the Articles of Association.

3. **Nomination** is a proposal for appointing an individual to be a BoD or BoC member.
4. **Meeting** is the BoC's meetings with nomination and/or remuneration agenda, regulated by the provision of letter D number 1 of this Guidelines.
5. **Remuneration** is the compensation determined and provided for the BoD and BoC members for the positions and roles they have based on the duties, responsibilities, and authority of BoD and BoC members.
6. **GMS is the General Meeting of Shareholders**, the Company's organ with the authority not granted to the BoD or BoC, within the limit regulated by Law number 40 of 2007 on Limited-liability Company (including each amendment made to it) and/or by the Articles of Association.

C. DUTIES, RESPONSIBILITIES, AND PROCEDURE

1. Duties and Responsibilities

a. Duties and Responsibilities for the Nomination Function

The BoC has the following duties and responsibilities concerning the performance of the nomination function:

- 1) Setting policies on:
 - (a) the composition of the BoD and BoC members;
 - (b) the criteria for nomination process; and
 - (c) the performance evaluation on the BoD and BoC members.
- 2) Evaluating the BoD and/or BoC members' performance based on the determined evaluation parameters;
- 3) Determining the policies for the competency development programs of the BoD and BoC members; and
- 4) Selecting the candidates qualified to be a BoD and/or BoC member to be proposed in GMS.

b. Duties and Responsibilities for the Remuneration Function

The BoC has the following duties and responsibilities concerning the performance of the remuneration function:

- 1) Setting policies on:
 - (a) remuneration structure;
 - (b) remuneration policies; and
 - (c) remuneration amounts.

- 2) Evaluating each BoD and/or BoC member's performance against the remuneration they receive.

2. Procedure

a. Procedure for the Nomination Function

In carrying out the nomination function, the BoC shall follow the following procedure:

- 1) Composing and determining the compositions and nomination process of the BoD and/or BoC members;
- 2) Composing and determining the policies and criteria for the nomination process of the BoD and/or BoC members;
- 3) Evaluating the performance of the BoD and/or BoC members;
- 4) Determining the competency development programs for the BoD and/or BoC members; and
- 5) Reviewing and selecting the candidates qualified to be the BoD and/or BoC members to be proposed to the GMS.

b. Procedure for the Remuneration Function

- 1) In carrying out the remuneration function, the BoC shall follow the following procedure:
 - (a) composing and determining the remuneration structures for the BoD and/or BoC members, which may include:
 - (i) salary;
 - (ii) honorarium;
 - (iii) incentive; and/or
 - (iv) fixed/variable allowances.
 - (b) composing and determining the policies on the remuneration for the BoD and/or BoC members; and
 - (c) composing and determining the remuneration amounts for the BoD and/or BoC members.
- 2) The remuneration structure, policies, and amounts shall take into account the following:

- a) the remuneration of the industry based on the issuers' or public companies' business activities or public companies of types and business scale similar to those of the Company within its industry;
 - b) the roles, responsibilities, and authority of the BoD and/or BoC members based on the achievement of the Company's purposes and objectives;
 - c) performance targets or the performance of each BoD and/or BoC member; and
 - d) the balance of fixed and variable allowances.
- 3) Such remuneration structure, policies, and amounts shall be evaluated by the BoC at least 1 (one) time in 1 (one) year.

D. MEETING IMPLEMENTATION

1. The BoC shall conduct meetings with the agenda concerning nomination and/or remuneration ("**Meetings**").
2. The Meetings must be held regularly, at least 1 (one) time in 4 (four) months.
3. The Meetings can only be convened if:
 - a. participated by a majority number of the BoC members, or in the event of inability to attend, one BoC member may be represented in the Meetings only by another BoC member by way of a power of attorney and one BoC member may only represent one other BoC member; and
 - b. one of the said BoC members is an independent commissioner.
4. Meeting resolutions shall be made under deliberation for consensus.
5. In the event that the deliberation for consensus is unachieved, resolutions shall be made through voting.
6. In the event of different opinions during the resolution making process, such different opinions and the reasons shall be stated in the minutes of meeting.
7. Meeting resolutions shall be stated in the minutes of meeting and documented by the Company.

E. INFORMATION DISCLOSURE AND ACTIVITY REPORTING SYSTEM

The Company is required to disclose the performance of the nomination and remuneration function in its annual reports and website, which at least include the following:

1. The explanation on the non establishment of the Nomination and Remuneration Committee; and

2. The description on the performance of the nomination and remuneration function in the fiscal year.

Ratified in Jakarta

On October 31st, 2024

(the original policy signed in Bahasa Indonesia)

The Board of Commissioners - PT Adaro Minerals Indonesia Tbk

Garibaldi Thohir

President Commissioner

Mohammad Syah Indra Aman

Commissioner

Julius Aslan

Commissioner

Lie Luckman

Commissioner

Mohammad Effendi

Independent Commissioner

Budi Bowoleksono

Independent Commissioner