

**RESEARCH REPORT
OF
ASEAN CORPORATE GOVERNANCE SCORECARD
ON
PT SELAMAT SEMPURNA TBK**



PT SELAMAT SEMPURNA Tbk

Jakarta, 05 September 2022

Internalizing Best Practices of Good Corporate Governance and Directorship

EXECUTIVE SUMMARY

The report on the Corporate Governance (CG) practices assessment result of PT Selamat Sempurna Tbk berdasarkan *ASEAN CG Scorecard (ACGS) 2022* is aimed to improve the standard of corporate governance implementation. The improvement of GCG standard is expected to attract local and global investors to invest in company shares. The assessment conducted was based on public information, especially on Annual Report 2021 and company's website.

The assessment result shows that the overall weighted score obtained by PT Selamat Sempurna Tbk was **91.81** points. The details of the weighted score for each Scorecard components are as follows:

- 1. Principle A – Rights of Shareholders: 10 points**
- 2. Principle B – Equitable Treatment of Shareholders: 9.28 points**
- 3. Principle C – Role of Stakeholders: 13.85 points**
- 4. Principle D – Disclosure and Transparency: 24.21 points**
- 5. Principle E – Board of the Commissioners Responsibilities: 34.4 points**

In the assessment of bonus and penalty component, PT Selamat Sempurna Tbk obtained 2 bonus points and **-2 (minus two)** penalty points on CG practice that carried out during fiscal year 2021. Thus, the overall score obtained by the company becomes 91.81 points. There is an increase in the score on the implementation of corporate corporate governance when compared to the assessment on ACGS in 2021, from 89.26 to 91.81 on ACGS in 2022 or increased by 2.55 points. Based on the final score of 91.33 points, the performance level of compliance of PT Selamat Sempurna Tbk is categorized in the **“Very Good”** or Level 4

(90 – 99.99), it means fully adopting the international standards as formulated in the ASEAN Corporate Governance Scorecard (ACGS).

Besides providing the assessment result of the compliance level on CG practices based on the standard of ASEAN CG Scorecard, this report also delivers some recommendations as guidelines/references to improve the implementation of GCG practices for the company in the future.

TABLE OF CONTENT

EXECUTIVE SUMMARY	i
TABLE OF CONTENT	iii
CHAPTER 1 – INTRODUCTION	4
1.1 BACKGROUND	4
1.2 THE SYSTEMATICS ARRANGEMENT OF THE CORPORATE GOVERNANCE PRACTICES REPORT	6
CHAPTER 2 - ASSESSMENT METHODOLOGY	7
2.1 INSTRUMENTS OF THE ASSESSMENT	7
2.2 ASSESSMENT TECHNIQUE	8
CHAPTER 3 - THE ASSESSMENT RESULT ON GCG PRACTICES OF THE COMPANY	10
3.1 PRINCIPLE A: RIGHTS OF SHAREHOLDERS	10
3.2 PRINCIPLE B: EQUITABLE TREATMENT OF SHAREHOLDERS	18
3.3 PRINCIPLE C: ROLE OF STAKEHOLDERS	24
3.4 PRINCIPLE D: DISCLOSURE & TRANSPARENCY	30
3.5 PRINCIPLE E: RESPONSIBILITY OF THE BOARD OF DIRECTORS AND COMMISSIONERS	39
3.6 BONUS AND PENALTY	55
3.7 COMPARISON OF GOOD CORPORATE GOVERNANCE (GCG) PERFORMANCE ON PT SELAMAT SEMPURNA TBK.	57
CHAPTER 4 – CONCLUSION AND RECOMMENDATION	58
4.1 CONCLUSION	58
4.2 RECOMMENDATION	59

CHAPTER 1

INTRODUCTION

1.1. BACKGROUND

ASEAN Corporate Governance Scorecard is one of the ASEAN Capital Market Forum (ACMF) initiatives which aims to establish capital market integration of member countries in the Association of Southeast Asian Nations (ASEAN). The countries that participated in this ASEAN CG SCORECARD are: Indonesia, Singapore, Thailand, Malaysia, Philippines, and Vietnam. The practice of ASEAN CG SCORECARD has been started since 2011. The objectives of ASEAN CG SCORECARD are as follows;

- 1) To improve corporate governance standards and practices of ASEAN Public Listed Companies (PLCs);
- 2) To enhance the global worthiness for ASEAN PLCs with good corporate governance and to showcase them (the global community) that the well-governed ASEAN PLCs are the places to invest; and
- 3) To complement the other ACMF initiatives and to promote ASEAN countries as a high-class asset.

This initiative not only encourages each ASEAN countries that participated in CG Scorecard to strengthen their related GCG regulations, but it also encourages ASEAN PLCs, including Indonesia, to strengthen their CG system by adopting GCG Principles based on ASEAN CG Scorecard.

ASEAN CG Scorecard is a quantitative tool to measure the compliance of ASEAN PLCs towards corporate governance guidelines according to the exemplary practices based on

international standards, specifically the principles of corporate governance issued by The Organization for Economic Cooperation and Development (OECD) which consists of:

- A. Rights of Shareholders
- B. Equitable Treatment of Shareholders
- C. Role of Stakeholders
- D. Disclosure and Transparency
- E. Responsibility of the Boards

In order to strengthen GCG practices based on the ASEAN CG SCORECARD standard, the company has the initiative to build efforts in improving its performance level of compliance in a good measured and planned way. Therefore, the company considered that it is necessary to have references that can be used as guidelines in preparing the effective strategy in order to do the improvement on the GCG practices in the future.

The company has considered that it is important to conduct a routine assessment on the GCG practices of the company based on the international standard adopted from the corporate governance principles issued by The Organisation for Economic Cooperation and Development (OECD), and it reflects on the GCG principles that regulated in ASEAN CG Scorecard.

Then, the result of the routine assessment on GCG practices is expected to provide information for the company regarding the trend of improving the performance level of compliance that has been achieved by the company compared to the years before, hence in the future the company can decide some steps and efforts that still need to be improved for its performance level of compliance to be achieved optimally.

1.2 THE SYSTEMATICS ARRANGEMENT OF THE CORPORATE GOVERNANCE PRACTICES REPORT

The systematics arrangement of the corporate governance practices report are grouped as follows:

CHAPTER 1 - INTRODUCTION

CHAPTER 2 – ASSESSMENT METHODOLOGY

CHAPTER 3 – ASSESSMENT RESULT ON GCG PRACTICE OF THE COMPANY

3.1 ASSESSMENT RESULT OF PRINCIPLE A. RIGHTS OF SHAREHOLDERS

3.2 ASSESSMENT RESULT OF PRINCIPLE B. EQUITABLE TREATMENT OF
SHAREHOLDERS

3.3 ASSESSMENT RESULT OF PRINCIPLE C. ROLE OF STAKEHOLDERS

3.4 ASSESSMENT RESULT OF PRINCIPLE D. DISCLOSURE AND
TRANSPARENCY

3.5 ASSESSMENT RESULT OF PRINCIPLE E. RESPONSIBILITIES OF THE
BOARD OF COMMISSIONERS

3.6 BONUS DAN PENALTY

3.7 COMPARISON OF GOOD CORPORATE GOVERNANCE (GCG)
PERFORMANCE ON PT SELAMAT SEMPURNA TBK.

CHAPTER 4 – CONCLUSION AND RECOMMENDATIONS

CHAPTER 2

ASSESSMENT METHODOLOGY

2.1. Instruments of the Assessment

The assessment instruments were developed based on the international standard of corporate governance principles, especially corporate governance principles issued by OECD and International Corporate Governance Network (ICGN). The assessment instruments are divided into two levels as follows.

Level 1, covers five Principles:

PRINCIPLE A: Rights of Shareholders, consists of 21 items.

PRINCIPLE B: Equitable Treatment of Shareholders, consists of 15 items.

PRINCIPLE C: Role of Stakeholders, consists of 13 items.

PRINCIPLE D: Disclosure and Transparency, consists of 32 items.

PRINCIPLE E: Responsibilities of the Board, consists of 65 items.

Thus the total questions for level 1 are 146 items. The assessment weight used to evaluate the implementation of CG practice of the company on each area of the principles (main area) are fully presented as follows.

No.	OECD Principles (Main Principles in the Assessment)	Assessment Weight
1.	Rights of Shareholders	10%
2.	Equitable Treatment of Shareholders	10%
3.	Role of Stakeholders	15%
4.	Disclosure and Transparency	25%
5.	Responsibilities of the Board	40%
TOTAL		100%

Level 2, consists of bonus and penalty:

- Bonus consists of 13 items with the total score for bonus that reach 30 points.
- Penalty consists of 25 items with the total score for penalty that reach minus 58 points.

Hence, the total questions for bonus and penalty are 38 items. Level 2 score will be added (if bonus occurs) or reduced (if penalty occurs) to the total score obtained in level 1.

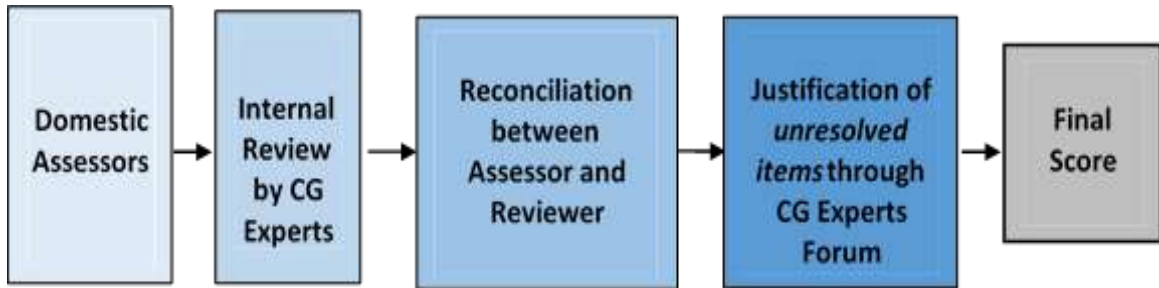
2.2. Assessment Technique

Assessment Technique for this ASEAN CG Scorecard 2022 was based on information or documents that are available in public related to the corporate governance practices implemented by the company for fiscal year 2021. The source of informations and documents are as follows:

- Annual report 2021; audited financial report for fiscal year 2021;
- Notice to call of Annual General Meeting of Shareholders (AGMS) conducted in 2022 for company's performance in the fiscal year 2021;
- Notice to the result of AGMS for company's performance in the fiscal year 2021;
- Company's Article of Association;
- Board Manual and Committee's Charter;
- Company's Website; as well as
- Other related public information

There was no difference in the assessment process of GCG practices for Indonesian PLCs based on ASEAN CG Scorecard 2021 and ASEAN CG Scorecard 2022 conducted by IICD, where the assessment process of GCG practices for listed companies still follow the process as described below:

Picture:
Process of Assessment & multiple checks and balances on GCG Practice based on ACGS 2022



Each question was designed by using dichotomy answer “YES” or “NO”, unless the question was not relevant to the CG practices implemented by the company, would be assigned N/A (not applicable).

The total or final score for the company's CG performance obtained from the assessment result will be interpreted as follows:

Score (points)	CG Performance of the Company	Interpretation
60,00-69,99	Level 1	Minimum Requirement
70,00—79,99	Level 2	Fair
80,00 - 89,99	Level 3	Good
90,00 - 100,00	Level 4	Very Good
>100	Level 5	Leadership in corporate governance

CHAPTER 3

ASSESSMENT RESULT OF GCG PRACTICES

ON

PT SELAMAT SEMPURNA TBK

3.1. PRINCIPLE A: RIGHTS OF SHAREHOLDERS

The implementation of good corporate governance can not be separated with the involvement of its shareholders. The company should pay special attention to its shareholders by fulfilling their rights to participate continuously in controlling the company's operational activity. Therefore, OECD declares that the rights of shareholders is the first principle in implementing good corporate governance practice by the company. There are 5 (five) key parameters in the rights of shareholders principle which described as follows:

1. Basic rights of shareholders.
2. Right to participate in decisions related to fundamental corporate changes.
3. Right to participate effectively and to vote in AGMS and to be informed about the rules of AGMS (including voting procedures).
4. Market for corporate control should be allowed to function in an efficient and transparent manner.
5. The exercise of ownership rights by all shareholders, including institutional investors should be facilitated by the company.

A.1 Basic Rights Of Shareholders

The mechanism of dividend distribution and nominal paid to the shareholders is declared in Annual General Meeting of Shareholders (AGMS). In relation to ASEAN CG Scorecard, score “Y” is given if dividend is paid within 30 days after the announcement of dividend payment date in AGMS.

The following is the assessment result on the performance of GCG practices of PT Selamat Sempurna Tbk. As a comparison, the results for 100 biggest market capitalization PLCs are also presented (based on ASEAN CG Scorecard 2021).

CG SCORE FOR PARAMETER A.1 (Basic Rights Of Shareholders)				
No	Question	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
A.1.1	Does the company pay (interim and final/annual) dividends in an equitable and timely manner; that is, all shareholders are treated equally and paid within 30 days after being (i) declared for interim dividends and (ii) approved by shareholders at annual general meeting (AGM) for final dividends?	Yes	1	Yes: 49 companies No: 27 companies N/A (did not pay the dividend): 24 companies

Based on the announcement of the AGMS result published on the company's official website and stock exchange, an information was obtained fiscal year that ends on December 31, 2021, the company paid the final dividend on 23/8/2022 after the company announced it to the public on 29/7/2022. Thus, the maximum period of 30 days is still fulfilled.

A.2 Rights to Participate in Decisions Concerning Fundamental Corporate Changes

This parameter consists of three assessment items. First, the granting of rights or opportunities for shareholders to be involved in amendments to company AD/ART is

regulated in Corporate Law No. 40, 2007 concerning Limited Liability Companies (Chapter 19 verse 1 and 2). Second, the authorization of additional shares is regulated in Corporate Law No. 40, 2007 concerning Limited Liability Companies (Chapter 41 verse 1) and all companies incorporated as PT are required to comply with this provision. Third, providing opportunities for shareholders to participate in the transfer of all or substantially all assets that have an impact on the sale of the company is also regulated in Corporate Law No. 40, 2007 concerning Limited Liability Companies (Chapter 89 verse 1).

Therefore, the three items as shown below have met the criteria and obtained default answer "Y" in the ASEAN CG Scorecard assessment.

CG SCORE FOR PARAMETER A.2 (Rights to Participate in Decisions Concerning Fundamental Corporate Changes)				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Frequency Distribution of Answers for PLCs
	Do shareholders have the right to participate in:			
A.2.1	Amendments to the company's constitution?	Yes	1	All Indonesian companies comply with these items as it is regulated by Indonesian Law (i.e., Default answer Yes)
A.2.2	The authorization of additional shares?	Yes	1	
A.2.3	The transfer of all or substantially all assets, which in effect results in the sale of the company?	Yes	1	
TOTAL CG SCORE for Parameter A.2			3	

A.3 Right to Participate Effectively In and to Vote In General Shareholder Meetings, and Should Be Informed of the Rules That Govern General Shareholder Meetings (Including Voting Procedures).

This parameters consists of 15 (fifteen) items as the assessment indicators related to the rights to participate in AGMS. The following is the assessment result of these items:

CG SCORE FOR PARAMETER A.3 (Right To Participate Effectively In and To Vote In General Shareholder Meetings and Should Be Informed Of The Rules That Govern General Shareholder Meetings (Including Voting Procedures))				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
A.3.1	Do shareholders have the opportunity, evidenced by an agenda items, to approve remuneration (fees, allowances, benefit-in-kind and other emoluments) or any increases in remuneration for the non-executive directors/commissioners?	Yes	1	Default answer Yes
A.3.2	Does the company provide non-controlling shareholders a right to nominate candidates for board of directors/commissioners?	Yes	1	Default answer Yes
A.3.3	Does the company allow shareholders to elect directors/commissioners individually?	Yes	1	Default answer Yes
A.3.4	Does the company disclose the voting procedures used before the start of meeting?	Yes	1	Yes: 70 companies No: 30 companies
A.3.5	Do the minutes of the most recent AGM record that the shareholders were given the opportunity to ask questions and the questions raised by shareholders and answers given recorded?	Yes	1	Yes: 59 companies No: 41 companies
A.3.6	Does the company disclose the voting results including approving, dissenting, and abstaining votes for all resolutions/each agenda item for the most recent AGM?	Yes	1	Yes: 73 companies No: 27 companies
A.3.7	Does the company disclose the list of board members who attended the most recent AGM?	Yes	1	Yes: 79 companies No: 21 companies
A.3.8	Does the company disclose that all board members and the CEO (if he is not a board member) attended the most recent AGM?	Yes	1	Yes: 71 companies No: 29 companies
A.3.9	Does the company allow for voting in absentia?	Yes	1	Default answer Yes

CG SCORE FOR PARAMETER A.3 (Right To Participate Effectively In and To Vote In General Shareholder Meetings and Should Be Informed Of The Rules That Govern General Shareholder Meetings (Including Voting Procedures))				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
A.3.10	Did the company vote by poll (as opposed to by show of hands) for all resolutions at the most recent AGM?	Yes	1	Yes: 46 companies No: 54 companies
A.3.11	Does the company disclose that it has appointed an independent party (scrutineers/inspectors) to count and/or validate the votes at the AGM?	Yes	1	Yes: 43 companies No: 57 companies
A.3.12	Does the company make publicly available by the next working day the result of the votes taken during the most recent AGM/EGM for all resolutions?	Yes	1	Yes: 35 companies No: 65 companies
A.3.13	Do companies provide at least 21 days notice for all AGMs and EGMs?	Yes	1	Yes: 89 companies No: 11 companies
A.3.14	Does the company provide the rationale and explanation for each agenda which require shareholders’ approval in the notice of AGM/circulars and/or the accompanying statement?	Yes	1	Yes: 72 companies No: 28 companies
A.3.15	Does the company give the opportunity for shareholder to place item/s on the agenda of AGM	Yes	1	Yes: 76 companies No: 24 companies
TOTAL CG SCORE for Parameter A.3			15	

The assessment result of parameter A.3, the active participation of shareholders in the AGMS, has been fully fulfilled by the company.

A.4 Markets for corporate control should be allowed to function in an efficient and transparent manner

This parameter refers to the appointment of an independent party by the board of commissioners to evaluate the fairness of the transaction price in regard of mergers and

acquisitions. This item is a default item (Bapepam LK IX.G.1). There is 1 (one) assessment item on A.4 as follows.

CG SCORE FOR PARAMETER A.4 (Markets for corporate control should be allowed to function in an efficient and transparent manner)				
No	Question	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
A.4.1	In cases of mergers, acquisitions and/or takeovers, does the board of directors/commissioners of the offeree company appoint an independent party to evaluate the fairness of the transaction price?	Yes	1	Default answer Yes

A.5 The Exercise of Ownership Rights by All Shareholders, Including Institutional Investors Should Be Facilitated

This parameter is related to indicate the company's effort to actively encourage shareholders, especially institutional shareholders to attend the AGMS, as well as including the engagement process of shareholders.

CG SCORE FOR PARAMETER A.5 (The Exercise of Ownership Rights by All Shareholders, Including Institutional Investors Should Be Facilitated)				
No	Question	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
A.5.1	Does the company publicly disclose policy/practice to encourage shareholders including institutional shareholders to attend the general meetings or engagement with the company?	Yes	1	Yes: 32 companies No: 68 companies

Shareholders should have fiduciary obligations that can directly monitor, especially institutional shareholders, on the company's directors. One of the active forms of

shareholder activity is to attend and to vote at the AGMS. Corporate governance standard or international standard CG code requires that company should encourage shareholders, especially institutional shareholders, to attend the AGMS or other forms of shareholder engagement. The assessment result of the corporate governance shows that the company has implemented these shareholder engagement practices.

Following is the recapitulation of the assessment result of the company's compliance level for principle A (Rights of Shareholders):

**THE ASSESSMENT RESULT OF CG PRACTICES ON RIGHTS OF SHAREHOLDERS
PRINCIPLE**

CG SCORE FOR RIGHTS OF SHAREHOLDERS PRINCIPLE				
No	Key Parameters	Number of Items Complied with Each Parameter	Number of Items	Score per Component
1	Basic Rights of Shareholders	1	1	100%
2	Right to participate in decisions concerning fundamental corporate changes	3	3	100%
3	Right to participate effectively in and vote in general shareholder meetings and should be informed of the rules that govern general shareholder meetings (including voting procedures)	15	15	100,00%
4	Market for corporate control should be allowed to function in an efficient and transparent manner.	1	1	100%
5	The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated	1	1	100%
TOTAL ITEMS THAT COMPLY WITH PRINCIPLE OF RIGHTS OF SHAREHOLDERS		21	21	100,00%

The assessment result shows that the company has complied with all the assessment indicators of Part A, the principles of shareholder rights.

3.2. PRINCIPLE B: EQUITABLE TREATMENT OF SHAREHOLDERS

A corporate governance practice is also assessed through the company's effort in doing its responsibilities to guarantee equal treatment to its shareholders. Therefore, the OECD defines equitable treatment of shareholders as the second principle in implementing good CG practice by the company.

The principle of Equitable Treatment of Shareholders consists of 5 (five) key parameters as follows:

1. Shares Ownership and Voting Rights
2. Notice of AGMS
3. Insider Trading and abusive self-dealing should be prohibited
4. Related party transactions by the Board of Commissioners and Directors
5. Protecting minority shareholders from abusive action

B.1 Share Ownership and Voting Rights.

This parameter consists of 2 (two) items as the assessment indicators.

CG SCORE FOR PARAMETER B.1 (Share Ownership and Voting Rights)				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Frequency Distribution of Answers for PLCs
B.1.1	Do the company's ordinary or common shares have one vote for one share?	Yes	1	Default Answer Yes
B.1.2	Where the company has more than one class of shares, does the company publicise the voting rights attached to each class of shares (e.g. through the company website / reports/ the stock exchange/ the regulator's website)?	N/A	-	Yes: 24 companies No: 7 companies N/A: 69 companies (for the companies that only have 1 type of share)
TOTAL CG SCORE for Parameter B.1			1	

PT Selamat Sempurna Tbk has fully implemented all of the questions on parameter B.1 (Share Ownership and Voting Rights). Question B.1.2 is not relevant for the company (N/A) because the company only has 1 type of share.

B.2 Notice of AGMS

This parameter consists of 5 (five) items as the assessment indicators. The following is the assessment result for these items:

CG SCORE FOR PARAMETER B.2 (Notice of AGMS)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
B.2.1	Does each resolution in the most recent AGM deal with only one item, i.e., there is no bundling of several items into the same resolution?	Yes	1	Yes: 52 companies No: 48 companies
B.2.2	Are the company's notice of the most recent AGM/circulars fully translated into English and published on the same date as the local-language version?	Yes	1	Yes: 89 companies No: 11 companies
	Does the notice of AGM/circulars have the following details:			
B.2.3	Are the profiles of directors/commissioners (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) in seeking election/re-election included?	No	0	Yes: 39 companies No: 34 companies N/A: 27 companies
B.2.4	Are the auditors seeking appointment/re-appointment clearly identified?	Yes	1	Yes: 12 companies No: 87 companies N/A: 1 companies
B.2.5	Were the proxy documents made easily available?	Yes	1	Default answer Yes
TOTAL CG SCORE for Parameter B.2			4	

Based on the 5 (five) assessment indicators above, there is only 1 item that has not been complied by the company, namely item B.2.3, which requires the company to attach profiles of commissioners or directors who will be elected or re-elected at the AGMS. The assessment result shows that the company has displayed/attached the profile of the new commissioners/directors who will be elected at the AGMS, but since it was not delivered in English, the company has not been able to obtain points.

B.3 Insider Trading and Abusive Self-dealing Should Be Prohibited

This parameter consists of 2 (two) items as the assessment indicators. The following is the assessment result of these items:

CG SCORE FOR PARAMETER B.3 (Insider Trading and Abusive Self-dealing Should Be Prohibited)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
B.3.1	Does the company have policies and/or rules prohibiting directors/commissioners and employees to benefit from knowledge which is not generally available to the market?	Yes	1	Default Answer Yes
B.3.2	Are the directors and commissioners required to report their dealings in company shares within 3 business days?	Yes	1	Yes: 24 companies No: 75 companies N/A : 1 Companies
TOTAL CG SCORE for Parameter B.3			2	

PT Selamat Sempurna Tbk has complied with all items in parameter B.3 (Insider trading and abusive self-dealing) in accordance with the standards required by ACGS.

B.4 Related Party Transactions by the Board of Commissioners and Directors

This parameter consists of 4 (four) items as the assessment indicators. The following is the assessment result of the items:

CG SCORE FOR PARAMETER B.4 (Related Party Transactions by the Board of Commissioners and Directors)				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Frequency Distribution of Answers for PLCs
B.4.1	Are directors and commissioners required to disclose their interest in transactions and any other conflicts of interest?	Yes	1	Default answer Yes
B.4.2	Does the company have a policy requiring a committee of independent directors/commissioners to review material/significant RPTs to determine whether they are in the best interests of the company?	Yes	1	Default answer Yes
B.4.3	Does the company have a policy requiring board members (directors/commissioners) to abstain from participating in the board discussion on a particular agenda when they are conflicted?	Yes	1	Default Answer Yes
B.4.4	Does the company have policies on loans to directors and commissioners either forbidding this practice or ensuring that they are being conducted at arm's length basis and at market rates.	Yes	1	Yes: 17 companies No: 83 companies
TOTAL CG SCORE for Parameter B.4			4	

PT Selamat Sempurna Tbk has complied with all the items on the parameter above.

B.5 Protecting minority shareholders from abusive actions

This parameter consists of only 2 (two) items which were used as an assessment indicators of the GCG practices on the company. The following is the assessment result of the questions;

CG SCORE FOR PARAMETER B.5 (Protecting minority shareholders from abusive actions)				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Frequency Distribution of Answers for PLCs

CG SCORE FOR PARAMETER B.5 (Protecting minority shareholders from abusive actions)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
B.5.1	Does the company disclose that RPTs are conducted in such a way to ensure that they are fair and at arms' length?	Yes	1	Yes: 38 companies No: 62 companies
B.5.2	In case of related party transactions requiring shareholders approval, is the decision made by disinterested shareholders?	Yes	1	Default answer Yes
TOTAL CG SCORE for Parameter B.5			2	

PT Selamat Sempurna Tbk has complied with all items in parameter B.5 (Protection of minority shareholders from abusive actions) in accordance with the standards required by ACGS.

The following is the recapitulation of the assessment result for principle B (Equitable Treatment of Shareholders):

THE ASSESSMENT RESULT OF CG PRACTICES ON EQUITABLE TREATMENT OF SHAREHOLDERS PRINCIPLE

CG SCORE FOR EQUITABLE TREATMENT OF SHAREHOLDERS PRINCIPLE				
No	Key Parameters	Number of Items Complied with Each Parameter	Number of Items	Score per Component
1	Shares Ownership and Voting Rights	1	1	100%
2	Notice of AGMS	4	5	80%
3	Insider Trading and Abusive Self-dealing Should be Prohibited	2	2	100%
4	Related Party Transactions by the Board of Commissioners and Directors members	4	4	100%
5	Protecting Minority Shareholders from Abusive Action	2	2	100%
TOTAL ITEMS THAT COMPLY WITH EQUITABLE TREATMENT OF SHAREHOLDERS		13	14	92,85%

The number of assessment items that the company has complied for Principle B (Equitable Treatment of Shareholders) until the end of fiscal year is 13 (thirteen) items from the total of 14 (fourteen) indicators/assessment items or there is still **1 (one) more assessment item** that has not been complied or fulfilled by the company, which includes 1 item in the second key parameter, namely the assessment item (B.2.3).

3.3. PRINCIPLE C: ROLE OF STAKEHOLDERS

The Role of Stakeholders Principle consists of 4 (four) key parameters as follows:

1. The rights of Stakeholders that are regulated by Law or through mutual agreements should be respected.
2. Stakeholders should have the opportunity to obtain effective redress for violation of their rights.
3. Performance-enhancing mechanisms for employee participation should be permitted to develop.
4. Stakeholders, including individual employee and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this.

C.1 The Rights of Stakeholders that are established by law or through mutual agreements should be respected

The following are the assessment results of the 7 (seven) items as the assessment indicators. The following is the assessment result of the questions. As a comparison, the assessment results for the 100 biggest market capitalization PLCs are also presented.

CG SCORE FOR PARAMETER C.1 (The Rights of Stakeholders that are established by law or through mutual agreements should be respected)				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Frequency Distribution of Answers for PLCs
	Does the company disclose a policy that:			
C.1.1	The existence and scope of the company's efforts to address customers' welfare?	Yes	1	Yes: 93 companies No: 7 companies
C.1.2	Supplier/contractor selection procedures?	Yes	1	Yes: 66 companies No: 34 companies

CG SCORE FOR PARAMETER C.1 (The Rights of Stakeholders that are established by law or through mutual agreements should be respected)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
C.1.3	The company's efforts to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development?	Yes	1	Yes: 98 companies No: 2 companies
C.1.4	The company's efforts to interact with the communities in which they operate?	Yes	1	Yes: 99 companies No: 1 companies
C.1.5	Describe the company's anti-corruption programmes and procedures?	Yes	1	Yes: 73 companies No: 27 companies
C.1.6	Describes how creditors' rights are safeguarded?	Yes	1	Yes: 100 companies No: 0 companies
C.1.7	Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?	Yes	1	Yes: 100 companies No: 0 companies
TOTAL CG SCORE for Parameter C.1			7	

Based on the 7 (seven) assessment items above, the company has implemented or complied with the governance practices requested/required on all of the assessment items.

C.2 Stakeholders should have the opportunity to obtain effective redress for violation of their rights

This parameter only consists of 1 (one) item as the assessment indicator. The following is the assessment result of the question:

CG SCORE FOR PARAMETER C.2 (Stakeholders should have the opportunity to obtain effective redress for violation of their rights)				
No	Question	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs

CG SCORE FOR PARAMETER C.2 (Stakeholders should have the opportunity to obtain effective redress for violation of their rights)				
No	Question	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
C.2.1	Does the company provide contact details via the company's website or Annual Report which stakeholders (e.g. customers, suppliers, general public etc.) can use to voice their concerns and/or complaints for possible violation of their rights?	Yes	1	Yes: 95 companies No: 5 companies

The company has implemented or complied with the governance practice requested/required on the assessment item above. Item C.2.1 requires the availability of specific channels for the submission of complaints by stakeholders that arise as a result of the business activities carried out by the company.

C.3 Performance-enhancing mechanisms for employee participation should be permitted to develop.

This parameter consists of 3 (three) items as the assessment indicators. The following is the assessment result of the questions:

CG SCORE FOR PARAMETER C.3 (Performance-enhancing mechanisms for employee participation should be permitted to develop)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
C.3.1	Does the company explicitly disclose the health, safety, and welfare policy for its employees?	Yes	1	Yes: 94 companies No: 6 companies
C.3.2	Does the company explicitly disclose the policies and practices on training and development programmes for its employees?	Yes	1	Yes: 98 companies No: 2 companies

CG SCORE FOR PARAMETER C.3 (Performance-enhancing mechanisms for employee participation should be permitted to develop)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
C.3.3	Does the company have a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures?	No	0	Yes: 14 companies No: 86 companies
TOTAL CG SCORE for Parameter C.3			2	

The assessment result shows that the employee compensation system, C.3.3 is not performance-based, especially in the long-term performance.

C.4 All stakeholders, including individual employee and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this

This parameter consists of 2 (two) items as the assessment indicators. The following is the assessment result of the questions:

CG SCORE FOR PARAMETER C.4 (All stakeholders, including individual employee and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
C.4.1	Does the company have a whistle blowing policy which include procedures for complaints by employees concerning alleged illegal (including corruption) and unethical behavior and provide contact details via the company’s website or annual report?	Yes	1	Yes: 92 companies No: 8 companies

CG SCORE FOR PARAMETER C.4 (All stakeholders, including individual employee and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
C.4.2	Does the company have a policy or procedures to protect an employee/person who reveals alleged illegal/unethical behavior from retaliation?	Yes	1	Yes: 85 companies No: 15 companies
TOTAL CG SCORE for Parameter C.4			2	

The company (SMSM) has fulfilled or complied with the corporate governance that requested/required on all of the assessment items above.

The following is the recapitulation of the assessment result for Principle C (Role of Stakeholders):

**THE ASSESSMENT RESULT OF CG PRACTICES OF THE COMPANY ON THE ROLE OF
STAKEHOLDERS PRINCIPLE**

CG SCORE ON THE ROLE OF STAKEHOLDERS PRINCIPLE				
No	Key Parameters	Number of Items Complied with Each Parameter	Number of Items	Score per Component
1	The Rights of Stakeholders that are established by law or through mutual agreements should be respected.	7	7	100%
2	Stakeholders should have the opportunity to obtain effective redress for violation of their rights.	1	1	100%
3	Performance-enhancing mechanisms for employee participation should be permitted to develop.	2	3	66,67%
4	All stakeholders, including individual employee and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this.	2	2	100%
TOTAL ITEMS THAT COMPLY WITH THE ROLE OF STAKEHOLDERS		12	13	92,30%

Based on the assessment result on the performance of corporate governance practices for the principle C (Role of Stakeholders) above, the company has been able to comply with 12 assessment items from the total of 13 assessment items, or there is only **1 (one) more assessment item** that has not been fulfilled by the company, namely 1 item in the third parameter, which is item C.3.3.

3.4. PRINCIPLE D: DISCLOSURE AND TRANSPARENCY

The Principle of Disclosure and Transparency consists of 9 (nine) key parameters listed as follows:

1. Transparency of Ownership Structure.
2. Quality of Annual Report.
3. Disclosure of Related Party Transactions.
4. Disclosure of the Member of Directors and the Board of Commissioners dealings in shares of the company.
5. External Auditor and Auditor Report.
6. Company's Media of Communications.
7. Timely submission or release of the information on financial report or annual report.
8. Company's Website.
9. Investor Relations.

D.1 Transparency of Ownership Structure.

This parameter consists of 5 (five) questions as the assessment indicators. The following is the assessment result of the questions. As a comparison, the assessment results for the 100 biggest market capitalization PLCs are also presented.

CG SCORE FOR PARAMETER D.1 (Transparency of Ownership Structure)				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Frequency Distribution of Answers for PLCs in the Big Cap 2020
D.1.1	Does the information on shareholdings reveal the identity of beneficial owners, holding 5% shareholding or more?	Yes	1	Yes: 66 companies No: 34 companies

CG SCORE FOR PARAMETER D.1 (Transparency of Ownership Structure)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs in the Big Cap 2020
D.1.2	Does the company disclose the direct and indirect (deemed) shareholdings of major and/or substantial shareholders?	Yes	1	Yes: 86 companies No: 14 companies
D.1.3	Does the company disclose the direct and indirect (deemed) shareholdings of directors (commissioners)?	Yes	1	Yes: 49 companies No: 51 companies
D.1.4	Does the company disclose the direct and indirect (deemed) shareholdings of senior management?	Yes	1	Yes: 50 companies No: 50 companies
D.1.5	Does the company disclose details of the parent/holding company, subsidiaries, associates, joint ventures and special purpose enterprises/ vehicles (SPEs)/ (SPVs)?	Yes	1	Yes: 93 companies No: 1 companies N/A: 6 companies
TOTAL CG SCORE for Parameter D.1			5	

The assessment result of parameter D.1, transparency of the company's share ownership structure indicates that the company has complied with all items as required by ACGS.

D.2 Quality of Annual Report

This parameter consists of 8 (eight) questions as the assessment indicators. The following is the assessment result of the questions:

CG SCORE FOR PARAMETER D.2 (Quality of Annual Report)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
	Does the company's annual report disclose the following items:			

CG SCORE FOR PARAMETER D.2 (Quality of Annual Report)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
D.2.1	Corporate objectives	Yes	1	Yes: 97 companies No: 3 companies
D.2.2	Financial performance indicators	Yes	1	Yes: 100 companies No: 0 companies
D.2.3	Non-financial performance indicators	Yes	1	Yes: 94 companies No: 6 companies
D.2.4	Dividend policy	Yes	1	Yes: 36 companies No: 64 companies
D.2.5	Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes	1	Yes: 97 companies No: 3 companies
D.2.6	Attendance details of each director/commissioner in respect of meetings held	Yes	1	Yes: 93 companies No: 7 companies
D.2.7	Total remuneration of each member of the board of directors/commissioners	No	0	Yes: 10 companies No: 90 companies
D.2.8	Does the Annual Report contain a statement confirming the company's full compliance with the code of corporate governance and where there is non-compliance, identify and explain reasons for each such issue?	Yes	1	Yes: 87 companies No: 13 companies
TOTAL CG SCORE for Parameter D.2			7	

Based on the 8 (eight) assessment indicators above, there is only 1 assessment item that has not been complied by the company (SMSM), namely item D.2.7, this item requests for the disclosure of the total remuneration received by each member of the board of commissioners. PT Selamat Sempurna Tbk did not disclose any information regarding this

matter. The information available only disclosed the aggregate remuneration for all board members.

D.3 Disclosure of Related Party Transactions.

This parameter consists of 2 (two) items as the assessment indicators. The following is the assessment result of the questions:

CG SCORE FOR PARAMETER D.3 (Disclosure of Related Party Transactions)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
D.3.1	Does the company disclose its policy covering the review and approval of material/significant RPTs?	Yes	1	Yes: 29 companies No: 71 companies
D.3.2	Does the company disclose the name of the related party and relationship for each material/significant RPT?	Yes	1	Yes: 100 companies
TOTAL CG SCORE for Parameter D.3			2	

The company (SMSM), has complied with all items contained in parameter D.3 (disclosure of related party transactions).

D.4 Disclosure of the Member of Directors and the Board of Commissioners dealing in shares of the company.

This parameter consists of 1 (one) item as the assessment indicator. The following is the assessment result on this item.

CG SCORE FOR PARAMETER D.4 (Disclosure of the Member of Directors and the Board of Commissioners dealing in shares of the company)				
No	Question	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs

CG SCORE FOR PARAMETER D.4 (Disclosure of the Member of Directors and the Board of Commissioners dealing in shares of the company)				
No	Question	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
D.4.1	Does the company disclose trading in the company's shares by insiders?	Yes	1	Yes: 22 companies No: 64 companies N/A: 14 companies

The company has complied with all questions in parameter D.4 (Disclosure of the dealing in shares of the company done by members of the board of directors or board of commissioners).

D.5 External Auditor and Auditor Report

This parameter consists of 2 (two) questions as the assessment indicators. The following is the assessment result of the questions:

CG SCORE FOR PARAMETER D.5 (External Auditor and Auditor Report)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs in the Big Cap 2020
D.5.1	Are audit fees and non-audit fees disclosed?	Yes	1	Yes: 47 companies No: 53 companies
D.5.2	Does the non-audit fees exceed the audit fees?*)	No	1	Yes: 51 companies No: 49 companies
TOTAL CG SCORE for Parameter D.5			2	

*) For the assessment item D.5.2, the answer "Yes" indicates that the company has not complied with the practice, on the contrary the answer "No" indicates the practice has complied or has been implemented by the company.

Based on the assessment, the company has complied with the disclosure of the amount of fees for audit and non-audit services.

D.6 Company's Media of Communication

This parameter consists of 4 (four) items as the assessment indicators. The following is the assessment result of the items:

CG SCORE FOR PARAMETER D.6 (Company's Media of Communication)				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Frequency Distribution of Answers for PLCs in the Big Cap 2020
	Does the company use the following modes of communication?			
D.6.1	Quarterly reporting	Yes	1	Yes: 98 companies No: 2 companies
D.6.2	Company website	Yes	1	Yes: 100 companies
D.6.3	Analyst's briefing	Yes	1	Yes: 68 companies No: 32 companies
D.6.4	Media briefings /press conferences	Yes	1	Yes: 91 companies No: 9 companies
TOTAL CG SCORE for Parameter D.6			4	

The company has implemented or complied with the governance practices requested/required on all of the assessment items above.

D.7 Timely submission or release of the information on financial report or annual report

This parameter consists of 3 (three) items as the assessment indicators. The following is the assessment result of the items:

CG SCORE FOR PARAMETER D.7 (Timely submission or release of the information on financial report or annual report)				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Frequency Distribution of Answers for PLCs
D.7.1	Are the audited annual financial report/statement released within 120 days from the financial year end?	Yes	1	Yes: 98 companies No: 2 companies

CG SCORE FOR PARAMETER D.7 (Timely submission or release of the information on financial report or annual report)				
D.7.2	Is the annual report released within 120 days from the financial year end?	Yes	1	Yes: 99 companies No: 1 companies
D.7.3	Is the true and fairness/fair representation of the annual financial statement/reports affirmed by the board of directors/commissioners and/or the relevant officers of the company?	Yes	1	Yes: 100 companies No: 0 companies
TOTAL CG SCORE for Parameter D.7			3	

The company has implemented or complied with the governance practices requested/required on all of the assessment items above.

D.8 The Existence of Company's Website in Disclosing Information about The Company to the Public

This parameter consists of 6 (six) items as the assessment indicators. The following is the assessment result of the items:

CG SCORE FOR PARAMETER D.8 (Company's Website)				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Frequency Distribution of Answers for PLCs
	Does the company have a website disclosing up-to-date information on the following:			
D.8.1	Financial statements/reports (latest quarterly)	Yes	1	Yes: 94 companies No: 6 companies
D.8.2	Materials provided in briefings to analysts and media	Yes	1	Yes: 70 companies No: 30 companies
D.8.3	Downloadable annual report	Yes	1	Yes: 97 companies No: 3 companies
D.8.4	Notice of AGM and/or EGM	Yes	1	Yes: 88 companies No: 12 companies
D.8.5	Minutes of AGM and/or EGM	Yes	1	Yes: 75 companies No: 25 companies

CG SCORE FOR PARAMETER D.8 (Company's Website)				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Frequency Distribution of Answers for PLCs
D.8.6	Company's constitution (company's by-laws, memorandum and articles of association)	Yes	1	Yes: 35 companies No: 65 companies
TOTAL CG SCORE for Parameter D.8			6	

The source of data for each assessment item in the parameter above is from the company's website. The company has implemented or complied with the governance practices requested/required on all of the assessment items above.

D.9 Investor Relations

This parameter only consists of 1 (one) item as the assessment indicator, which is as follows:

CG SCORE FOR PARAMETER D.9 (Investor Relations)				
No	Question	"Yes" or "No" or "N/A" Answer	SCORE	Frequency Distribution of Answers for PLCs in the Big Cap 2020
D.9.1	Does the company disclose the contact details (e.g. telephone, fax, and email) of the officer responsible for investor relations?	Yes	1	Yes: 94 companies No: 6 companies

PT Selamat Sempurna Tbk both in the company's website and in the Annual Report, has disclosed information about specific e-mail for investor relations activities.

The following is the recapitulation of the assessment result of the company's compliance level for the principle D (Disclosure and Transparency):

THE ASSESSMENT RESULT OF CG PRACTICES ON DISCLOSURE AND TRANSPARENCY PRINCIPLE

CG SCORE FOR DISCLOSURE AND TRANSPARENCY PRINCIPLE				
No	Key Parameters	Number of Items Complied with Each Parameter	Number of Items	Score per Component
1	Transparency of Ownership Structure	5	5	100%
2	Quality of Annual Report	7	8	87,50%
3	Disclosure of Related Party Transaction	2	2	100%
4	Disclosure of the Member of Directors and the Board of Commisioners dealing in shares of the company	1	1	100%
5	External Auditor and Auditor Report	2	2	100%
6	Media of Communication	4	4	100%
7	Timely Submission or Release of Annual or Financial Reports	3	3	100%
8	Company's Website	6	6	100%
9	Investor Relations in the Company	1	1	100%
TOTAL ITEMS THAT COMPLY WITH DISCLOSURE AND TRANSPARENCY PRINCIPLE		31	32	96,87%

The total number of assessment items that have been complied /fulfilled by the company for Principle D (Disclosure and Transparency) is 31 from the total of 32 assessment items or there is still **1 (one) more assessment item** that the company has not fulfilled for fiscal year 2021, namely 1 item in parameter 2, which is item D.2.7.

3.5. PRINCIPLE E: RESPONSIBILITIES OF THE BOARD

The Principle of Responsibilities of the Board of Commissioners consists of 5 (five) key/main parameters, where each parameters consists of several measurement parameters, namely as follows:

1. Duties and Responsibilities of the Directors and the Board of Commissioners.

- The responsibilities of the Directors and the Board of Commissioners and CG Policy must be clearly stated by the company
- Company's Vision and Mission

2. Board of Commissioners Structure.

- Code of Ethics or Code of Conduct
- Board of Commissioners Structure and Composition
- Nominating Committee
- Remuneration Committee/Compensation Committee
- Audit Committee

3. Board of Commissioners Process.

- Board of Commissioners Meetings and Attendance
- Access to Information
- Appointment and Re-Election of members of the Board of Commissioners
- Remuneration Matters
- Internal Audit
- Risk Oversight

4. Individuals in the Structure of the Board of Commissioners.

- Company's Board Chairman
- Board of Commissioners Skills and Competencies.

5. Board of Commissioners Performance.

- Training/ Development of the Board of Commissioners
- Appointment and Performance Assessment of the CEO or Managing Director/President
- Performance Assessment of the Board of Commissioners
- Performance Assessment for Members of the Board of Commissioners
- Performance Assessment for the Committees under the Board of Commissioners

E.1 Duties and Responsibilities of the Directors and the Board of Commissioners

This parameter is divided into 2 (two) sub-parameters of measurement consisting of a total of 6 (six) items as the assessment indicators. The following is the assessment result for the questions. As a comparison, the assessment results for 100 biggest market capitalization PLCs are also presented.

CG SCORE FOR INDICATOR E.1 (Duties and Responsibilities of the Directors and the Board of Commissioners)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs in the Big Cap 2020
	The responsibilities of the Board of Commissioners and CG Policy must be clearly stated by the company:			
E.1.1	Does the company disclose its corporate governance policy / board charter?	Yes	1	Yes: 53 companies No: 47 companies
E.1.2	Are the types of decisions requiring board of directors/commissioners' approval disclosed?	Yes	1	Yes: 60 companies No: 40 companies

CG SCORE FOR INDICATOR E.1 (Duties and Responsibilities of the Directors and the Board of Commissioners)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs in the Big Cap 2020
E.1.3	Are the roles and responsibilities of the board of directors/commissioners clearly stated?	Yes	1	Yes: 99 companies No: 1 companies
	Company’s Vision and Mission			
E.1.4	Does the company have an updated vision and mission statement?	Yes	1	Yes: 64 companies No: 36 companies
E.1.5	Does the board of directors play a leading role in the process of developing and reviewing the company’s strategy at least annually?	Yes	1	Yes: 98 companies No: 2 companies
E.1.6	Does the board of directors have a process to review, monitor and oversee the implementation of the corporate strategy?	Yes	1	Yes: 99 companies No: 1 companies
TOTAL CG SCORE for Indicator E.1			6	

The company (SMSM), has complied with all the items contained in parameter E.1 (Duties and responsibilities of the board of directors and commissioners).

E.2 Board of Commissioners Structure

This main parameter is divided into 5 (five) measurement sub-parameters consisting of a total of 24 (twenty-four) questions as the assessment indicators. The following is the assessment result for the items:

SKO CG SCORE FOR INDICATOR E.2 (Board of Commissioners Structure)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
	Code of Ethics or Code of Conduct:			

SKO CG SCORE FOR INDICATOR E.2 (Board of Commissioners Structure)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
E.2.1	Are the details of the code of ethics or conduct disclosed?	Yes	1	Yes: 92 companies No: 8 companies
E.2.2	Does the company disclose that all directors/commissioners, senior management and employees are required to comply with the code?	Yes	1	Yes: 86 companies No: 14 companies
E.2.3	Does the company have a process to implements and monitors compliance with the code of ethics or conduct?	Yes	1	Yes: 90 companies No: 10 companies
	Structure and Composition of the Board of Commissioners:			
E.2.4	Do independent directors/commissioners make up at least 50% of the board of directors/commissioners?	Yes	1	Yes: 56 companies No: 44 companies
E.2.5	Does the company have a term limit of nine years or less or 2 terms of five years each for its independent directors/commissioners?	No	0	Yes: 28 companies No: 72 companies
E.2.6	Has the company set a limit of five board seats that an individual independent/non-executive director/commissioner may hold simultaneously?	Yes	1	Default Answer Yes
E.2.7	Does the company have any executive directors/commissioners who serve on more than two boards of listed companies outside of the group?*)	No	1	Yes: 1 companies No: 99 companies
	Nominating Committee:			
E.2.8	Does the company have a Nominating Committee (NC)?	Yes	1	Yes: 82 companies No: 18 companies
E.2.9	Is the Nominating Committee comprise of a majority of independent directors/commissioners?	No	0	Yes: 17 companies No: 65 companies N/A: 18 companies

SKO CG SCORE FOR INDICATOR E.2 (Board of Commissioners Structure)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
E.2.10	Is the chairman of the Nominating Committee an independent director/commissioner?	Yes	1	Yes: 80 companies No: 2 companies N/A: 18 companies
E.2.11	Does the company disclose the terms of reference/ governance structure/charter of the Nominating Committee?	Yes	1	Yes: 81 companies No: 1 companies N/A: 18 companies
E.2.12	Is the meeting attendance of the Nominating Committee disclosed and if so, did the Nominating Committee meet at least twice during the year?	Yes	1	Yes: 75 companies No: 7 companies N/A: 18 companies
	Remuneration Committee/Compensation Committee:			
E.2.13	Does the company have a Remuneration Committee?	Yes	1	Yes: 83 companies No: 17 companies
E.2.14	Is the Remuneration Committee comprise of a majority of independent directors/commissioners?	No	0	Yes: 18 companies No: 65 companies N/A: 17 companies
E.2.15	Is the chairman of the Remuneration Committee an independent director/commissioner?	Yes	1	Yes: 81 companies No: 2 companies N/A: 17 companies
E.2.16	Does the company disclose the terms of reference/ governance structure/ charter of the Remuneration Committee?	Yes	1	Yes: 82 companies No: 1 companies N/A: 17 companies
E.2.17	Is the meeting attendance of the Remuneration Committee disclosed, and if so, did the Remuneration Committee meet at least twice during the year?	Yes	1	Yes: 76 companies No: 7 companies N/A: 17 companies
	Audit Committee:			
E.2.18	Does the company have an Audit Committee?	Yes	1	Default Answer Yes

SKO CG SCORE FOR INDICATOR E.2 (Board of Commissioners Structure)				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Frequency Distribution of Answers for PLCs
E.2.19	Is the Audit Committee comprised entirely of non-executive directors/commissioners with a majority of independent directors/commissioners?	Yes	1	Default Answer Yes
E.2.20	Is the chairman of the Audit Committee an independent director/commissioner?	Yes	1	Default Answer Yes
E.2.21	Does the company disclose the terms of reference/governance structure/charter of the Audit Committee?	Yes	1	Yes: 100 companies No: 0 companies
E.2.22	Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)?	Yes	1	Yes: 86 companies No: 14 companies
E.2.23	Is the meeting attendance of the Audit Committee disclosed, and if so, did the Audit Committee meet at least four times during the year?	Yes	1	Yes: 92 companies No: 8 companies
E.2.24	Does the Audit Committee have primary responsibility for recommendation on the appointment, and removal of the external auditor?	Yes	1	Yes: 20 companies No: 80 companies
TOTAL CG SCORE for Indicator E.2			21	

*) For assessment item E.2.7, the answer "Yes" indicates that the company did not comply with the intended practice, on the contrary for the answer "No" indicates that the practice has been fulfilled/performed by the company.

The following is the explanation for items that have not been fulfilled/done by the company (3 assessment items):

- E.2.5 requires that the term of office for an independent commissioner is a maximum of 9 years or 2 (two) periods of 5 years. The company (SMSM) did not

disclose the maximum term of office for each member of the commissioner to be re-elected.

- E.2.9 & E.2.14 require that the majority of nominating and remuneration committee members to come from independent commissioners or independent third parties. The assessment result indicates that the company has not fulfilled these ACGS requirements.

E.3 Board of Commissioners Process.

This main parameter is divided into 6 (six) measurement sub-parameters consisting of a total of 22 (twenty two) questions as the assessment indicators. The following is the assessment result of the questions:

CG SCORE FOR INDICATOR E.3 (Board of Commissioners Process)				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Frequency Distribution of Answers for PLCs
	Board of Commissioners Meetings and Attendance:			
E.3.1	Are the board of directors meetings scheduled before the start of financial year?	No	0	Yes: 38 companies No: 62 companies
E.3.2	Does the board of directors/commissioners meet at least six times per year?	Yes	1	Yes: 88 companies No: 12 companies
E.3.3	Has each of the directors/commissioners attended at least 75% of all the board meetings held during the year?	Yes	1	Yes: 72 companies No: 28 companies
E.3.4	Does the company require a minimum quorum of at least 2/3 for board decisions?	No	0	Yes: 17 companies No: 83 companies

CG SCORE FOR INDICATOR E.3 (Board of Commissioners Process)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
E.3.5	Did the non-executive directors/commissioners of the company meet separately at least once during the year without any executives present?	Yes	1	Yes: 95 companies No: 5 companies
	Access to Information:			
E.3.6	Are board papers for board of directors/commissioners meetings provided to the board at least five business days in advance of the board meeting?	Yes	1	Yes: 34 companies No: 66 companies
E.3.7	Does the company secretary play a significant role in supporting the board in discharging its responsibilities?	Yes	1	Yes: 99 companies No: 1 companies
E.3.8	Is the company secretary trained in legal, accountancy or company secretarial practices and has kept abreast on relevant developments?	Yes	1	Yes: 87 companies No: 13 companies
	Appointment and Re-election of members of the Board of Commissioners:			
E.3.9	Does the company disclose the criteria used in selecting new directors/commissioners?	Yes	1	Yes: 54 companies No: 46 companies
E.3.10	Does the company disclose the process followed in appointing new directors/commissioners?	Yes	1	Yes: 41 companies No: 59 companies
E.3.11	Are all the directors/commissioners subject to re-election every 3 years; or 5 years for listed companies in countries whose legislation prescribes a term of 5 years to each? The five years term must be required by legislation which pre-existed the introduction of the ASEAN Corporate Governance Scorecard in 2011.	Yes	1	Yes: 73 companies No: 27 companies
	Remuneration Matters:			

CG SCORE FOR INDICATOR E.3 (Board of Commissioners Process)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
E.3.12	Does the company disclose its remuneration (fees, allowances, benefit-in-kind and other emoluments) policy/practices (i.e. the use of short term and long term incentives and performance measures) for its executive directors and CEO?	No	0	Yes: 12 companies No: 88 companies
E.3.13	Is there disclosure of the fee structure for non-executive directors/commissioners?	Yes	1	Yes: 58 companies No: 42 companies
E.3.14	Do the shareholders or the Board of Directors approve the remuneration of the executive directors and/or the senior executives?	Yes	1	Default Answer Yes
E.3.15	Does the company have measurable standards to align the performance-based remuneration of the executive directors and senior executives with long term interests of the company, such as claw back provision and deferred bonuses?	No	0	Yes: 7 companies No: 93 companies
	Internal Audit:			
E.3.16	Does the company have a separate internal audit function?	Yes	1	Default Answer Yes
E.3.17	Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed?	Yes	1	Yes: 98 companies No: 2 companies
E.3.18	Does the appointment and removal of the internal auditor require the approval of the Audit Committee?	Yes	1	Default answer Yes
	Risk Oversight:			

CG SCORE FOR INDICATOR E.3 (Board of Commissioners Process)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
E.3.19	Does the company establish a sound internal control procedures/risk management framework and periodically review the effectiveness of that framework?	Yes	1	Yes: 96 companies No: 4 companies
E.3.20	Does the Annual Report disclose that the board of directors/commissioners has conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems?	Yes	1	Yes: 67 companies No: 33 companies
E.3.21	Does the company disclose the key risks to which company is material exposed to (i.e. financial, operational including IT, environmental, social, economic)?	Yes	1	Yes: 99 companies No: 1 companies
E.3.22	Does the Annual Report/Annual CG Report contain a statement from the board of directors/commissioners or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems?	Yes	1	Yes: 39 companies No: 61 companies
TOTAL CG SCORE for Indicator E.3			18	

Based on the 22 (twenty-two) assessment items above, the following is an explanation for the items that have not been fulfilled or implemented by the company (4 assessment items):

- E.3.1 requires that the schedule for the board of commissioners meeting next year to be scheduled in advance. The assessment result shows that the company has not disclosed the information regarding the meeting schedule.

- E.3.4 requires a 2/3 quorum for decision-making in the board of commissioners meeting. The assessment result did not find the related disclosure.
- E.3.12 requires the company to disclose the remuneration policy for members of the board of directors which includes basic salary, incentives, not only short-term incentives but also long-term incentives and other benefits. Disclosure also covers the performance measures used in determining the incentives/bonuses. However, the requirements requested by ACGS have not been fulfilled by the company.
- E.3.15 requires the company to have measurement standards that align the performance-based remuneration of directors and other senior managers with the company's long-term performance, including clawback provisions (partial or full refund of bonuses that already received) and deferred bonus payments. The assessment result shows that the company does not have the intended performance measurement standards and provisions.

E.4 Individuals in the Structure of the Board of Commissioners

This main parameter is divided into 3 (three) measurement sub-parameters consisting of a total 6 (six) questions as the assessment indicators. The following is the assessment result of these items:

CG SCORE FOR INDICATOR E.4 (Individuals in the Structure of the Board of Commissioners)				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Frequency Distribution of Answers for PLCs
	Company's Board Chairman:			
E.4.1	Do different persons assume the roles of chairman and CEO?	Yes	1	Yes: 98 companies No: 2 companies

CG SCORE FOR INDICATOR E.4 (Individuals in the Structure of the Board of Commissioners)				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Frequency Distribution of Answers for PLCs
E.4.2	Is the chairman an independent director/commissioner?	No	0	Yes: 24 companies No: 76 companies
E.4.3	Is any of the directors a former CEO of the company in the past 2 years? *)	No	1	Yes: 3 companies No: 97 companies
E.4.4	Are the role and responsibilities of the chairman disclosed?	Yes	1	Yes: 31 companies No: 69 companies
	Senior Independent Commissioner:			
E.4.5	If the Chairman is not independent, has the Board appointed a Lead/Senior Independent Director and has his/her role been defined?	No	0	Yes: 1 companies No: 76 companies N/A: 23 companies
	Board of Commissioners Skills and Competencies:			
E.4.6	Does at least one non-executive director/commissioner have prior working experience in the major sector that the company is operating in?	Yes	1	Yes: 99 companies No: 1 companies
TOTAL CG SCORE for Indicator E.4			4	

*) For assessment item E.4.3, the answer "Yes" indicates that the company did not comply with the practice, on the contrary for the answer "No" indicates that the practice has been fulfilled/performed by the company.

There are 2 items that have not been fulfilled by PT Selamat Sempurna Tbk, namely item:

- E.4.2 requires that the President Commissioner is an independent commissioner. The company has not complied with this requirement as requested by ACGS.
- E.4.5 requires the presence of Lead Directors/Senior Independent Director if the main commissioner of the company is not an independent commissioner and the role must be defined. The assessment result indicates that the company has not fulfilled this requirement.

E.5 Board of Commissioners Performance

This parameter consists of 7 (seven) items as the assessment indicators. The following is the assessment result of these items:

CG SCORE FOR INDICATOR E.5 (Board of Commissioners Performance)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
	Training/Development of the Board of Commissioners:			
E.5.1	Does the company have orientation programmes for new directors/commissioners?	Yes	1	Yes: 56 companies No: 44 companies
E.5.2	Does the company have a policy that encourages directors/commissioners to attend on-going or continuous professional education programmes?	Yes	1	Yes: 61 companies No: 39 companies
	Appointment and Performance Assessment of the CEO/Managing Director/President:			
E.5.3	Does the company disclose how the board of directors/commissioners plans for the succession of the CEO/Managing Director/President and key management?	Yes	1	Yes: 48 companies No: 52 companies
E.5.4	Does the board of directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President?	Yes	1	Yes: 73 companies No: 27 companies
	Performance Assessment of the Board of Commissioners:			
E.5.5	Did the company conduct an annual performance assessment of the board of directors/commissioners and disclose the criteria and process followed for the assessment?	Yes	1	Yes: 57 companies No: 43 companies

CG SCORE FOR INDICATOR E.5 (Board of Commissioners Performance)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
E.5.6	Did the company conduct an annual performance assessment of the individual directors/commissioners and disclose the criteria and process followed for the assessment?	Yes	1	Yes: 22 companies No: 78 companies
E.5.7	Did the company conduct an annual performance assessment of the board committees and disclose the criteria and process followed for the assessment?	Yes	1	Yes: 32 companies No: 68 companies
TOTAL CG SCORE for Indicator E.5			7	

The company (SMSM) has complied with all items in parameter E.5 (Board of Commissioners Indicators).

The following is the recapitulation of the assessment result on the company's level of compliance for principle E (Responsibilities of the Board):

**THE ASSESSMENT RESULT OF CG PRACTICES FOR RESPONSIBILITIES OF THE BOARD
PRINCIPLE**

CG SCORE FOR RESPONSIBILITIES OF THE BOARD PRINCIPLE				
No	Indicators/Key Parameters	Number of Items Complied with Each Parameter	Number of Items	Score per Component
1	Duties and Responsibilities of the Board of Directors and Commissioners	6	6	100%
2	Board of Commissioners Structure	21	24	87,50%
3	Board of Commissioners Process	18	22	81,81%
4	Individuals in the Structure of the Board of Commissioners	4	6	66,66%
5	Board of Commissioners Performance	7	7	100%
TOTAL ITEMS THAT COMPLY WITH THE RESPONSIBILITY OF THE BOARDS PRINCIPLE		56	65	86,15%

From all of the 65 assessment items in Principle E (Responsibility of The Board), the company has complied with 56 assessment items or there are **still 9 assessment items** that have not been fulfilled by the company until the end of the fiscal year 2021, namely 3 (three) items in the second parameter (E.2.5, E.2.9 & E.2.13), 4 (four) assessment items on the third parameter (E.3.1, E.3.4, E.3.12 & E.3.15) and 2 (two) items on the fourth parameter (E.4.2 & E.45)

SUMMARY OF PT SELAMAT SEMPURNA TBK'S PERFORMANCE ASSESSMENT RESULT ON CORPORATE GOVERNANCE PRACTICES FOR LEVEL 1 ASSESSMENT (PRINCIPLE A UNTIL PRINCIPLE E)

PRINCIPLE	Number of Assessment Items	Total assessment items that have been complied	Assessment Weights	Score
A	21	21	10	10
B	14	13	10	9,28
C	13	12	15	13,84
D	32	31	25	24,21
E	65	56	40	34,46
Level 1 Score	145	133	100	91,81

Based on **145 assessment items** assessed on level 1 assessment ACGS 2022, the company (SMSM) fulfilled **133 assessment items** in the 5th Assessment Principles on ACGS 2022. The company's Total CG Score Achievement Result for level 1 assessment reached **91.81 points**.

Compared to the average score for public companies or PLCs that are listed in the BigCap100 category or 100 biggest market capitalization PLCs on the stock exchange based on comparative score in ACGS 2022 for level 1 assessment, the Total CG Score is far above the average BigCap100 level 1 Total CG Score whose score is **74.58**.

3.6. BONUS AND PENALTY

❖ **Assessment Bonus For Company's GCG Practices**

✚ (B) C.1.1: 2 points. PT Selamat Sempurna Tbk has published a Sustainability Report in accordance with GRI standard.

❖ **The total bonus points earned by the company are 2 (two) points.**

❖ **Penalty for Company's GCG Practices**

✚ (P) E.2.1: **-2 points**, ASEAN CG Scorecard requires that the term of office of the independent commissioner is a maximum of 9 years or 2 times the term of office. The assessment result shows that one of the company's independent commissioners, Mr. Handi Hidajat Suwardi, has been an Independent Commissioner of the company since 2006 or more than 9 years.

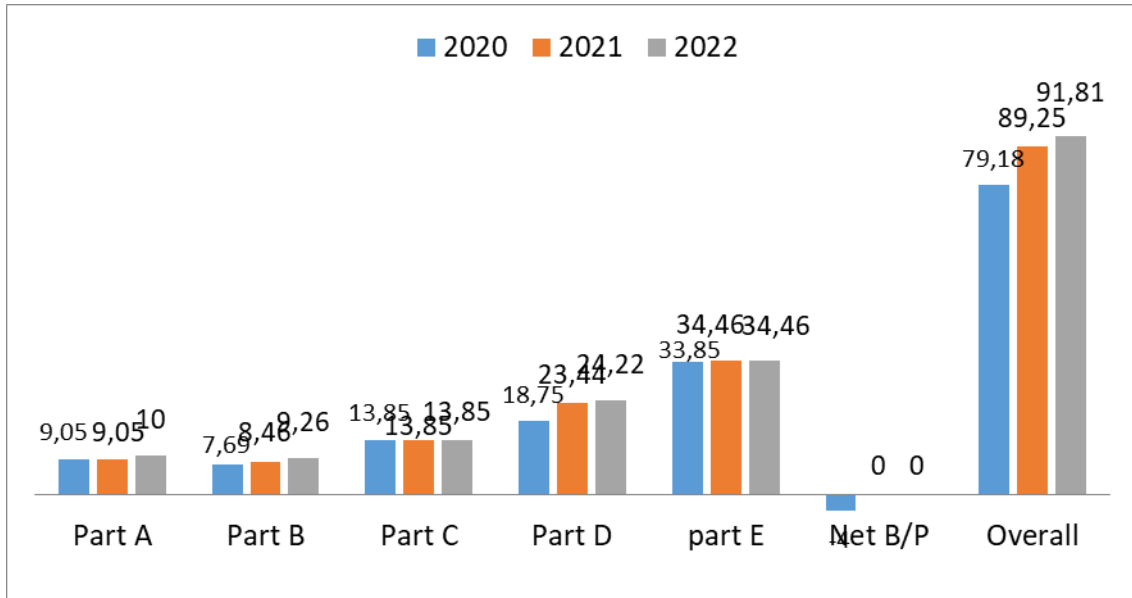
❖ **The total penalty points received by the company are -2 (minus two) points.**

SUMMARY OF THE PERFORMANCE ASSESSMENT RESULT OF PT SELAMAT SEMPURNA TBK ON CORPORATE GOVERNANCE PRACTICES FOR LEVEL 2 ASSESSMENT (BONUS AND PENALTY)

BONUS & PENALTY	Number of Assessment Items	Total assessment items that obtained Bonus & Penalty	Score
BONUS	13	1	2
PENALTY	25	1	-2
Level 2 Score			0

Based on ACGS 2022, the company does not obtain points in Bonus & Penalty components.

3.7. Comparison of PT Selamat Sempurna Tbk's Corporate Governance Performance From 2020 - 2022



The graph above shows that during the last three years the performance of PT Selamat Sempurna Tbk's corporate governance practices has continued to strengthen. The increase from 2020 to 2022 is very significant even though there is only a slight increase from 2021 to 2022. The performance of each Part has also increased except Part C and Part E.

CHAPTER 4

CONCLUSION AND RECOMMENDATION

4.1. CONCLUSION

Based on the assessment result done on the CG practices of PT Selamat Sempurna Tbk (SMSM) based on the principles set out in the ASEAN Corporate Governance Scorecard, the total scores that the company has successfully obtained are as follows:

Total Score for CG Practices of PT Selamat Sempurna Tbk		
No.	Assessment Components	Weighted Score per Principle
1.	Rights of Shareholder Total rough score x weight = 100 x 10%	10
2.	Equitable Treatment of Shareholders 92,86 x 10%	9,28
3.	Role of Stakeholders 92,31 x 15%	13,84
4.	Disclosure & Transparency 96,88 x 25%	24,12
5.	Responsibility of the Board of Commissioners 86,15 x 40%	34,46
6.	Bonus	2
7.	Penalty	-2
Total Weighted Score		91,81

The total CG Score (overall score) of GCG practices obtained by the company for fiscal year 2021 (ASEAN CG Scorecard 2022) is **91.81 points**. Overall, the assessment result of the GCG implementation of PT Selamat Sempurna Tbk has placed the company in the “**Very Good**” category, which means the company has fully adopted international standards as formulated in the ASEAN Corporate Governance Scorecard (ACGS).

When viewed from the rough score (not weighted), it can be concluded that PT Selamat Sempurna Tbk's performance level of compliance for the principle Part A (the principle of shareholder rights) has reached 100 percent, Part B (the principle of equal treatment of shareholders) has reached 92.86 percent, Part C (the principle of roles of stakeholders) has reached 92.31 percent, Part D (the principle of disclosure and transparency) has reached 96.88 percent, , and Part E (the principle of responsibility of the boards) has reached 86.15 percent.

Hence, from the total of 145 items on Level 1 assessment, PT Selamat Sempurna Tbk (SMSM) has not fulfilled or complied with 13 (thirteen) items, namely 1 (one) assessment item on principle A, 1 (one) assessment item on principle B, 1 (one) assessment item on principle C, 1 (one) assessment item on principle D, and 9 (nine) assessment items on principle E.

4.1. RECOMMENDATION

The assessment result above is expected to be used as a reference/guidelines for the company in order to make improvements to governance practices in the future, especially for several assessment indicators where the company has not been able to comply with the GCG practice standards required in the ASEAN CG Scorecard.

Judging from the achievement score of PT Selamat Sempurna Tbk and the capability of its resources, the company should be able to improve its performance to achieve the title of **"Leadership in Corporate Governance"** for the implementation of its GCG practices in the future, as long as there is BOD and BOC commitment. The following are recommendations for achieving the intended title.

4.2.1 LEVEL 1 RECOMMENDATION (PRINCIPLE A TO PRINCIPLE E)

The following are some recommendations to improve the performance of GCG practices that have not been fulfilled by the company in ACGS 2022 assessment based on each assessment principle;

PRINCIPLE B

- ✓ **(B.2.3):** The company is expected to provide clear information to shareholders regarding the profiles of the commissioners and directors who will be elected at the AGMS and must be delivered in English.

PRINCIPLE C

- ✓ **(C.3.3):** The employee remuneration system should motivates employees to engage (employee engagement) in an effort to improve their performance in the long run. Therefore, the remuneration structure should be based on long-term performance, such as incentives with deferred payments.

PRINCIPLE D

- ✓ **(D.2.7):** Shareholders are very concerned with the issue of disclosing the remuneration of the board members or the board of commissioners. Disclosure of the total remuneration received by each board member can increase their confidence in the company and invest.

Thus, it is not enough to be identified just based on the name of the position in the board of commissioners' structure or the submission of the remuneration amount that is done in an aggregate value.

PRINCIPLE E

- ✓ **(E.2.5):** To state and disclose the term limits for independent commissioners, which is a maximum of 9 years or 2 periods with 5 years on each period, in the Board Charter or other documents that can be easily accessed by the public (for instance, annual report and company's website).
- ✓ **(E.2.9) & (E.2.14):** The composition of the nominating and remuneration committee members should come mostly from independent commissioners. The purpose is to assist boards in ensuring the objectivity of the fiduciary functions they carry out.
- ✓ **(E.3.1):** The company should arrange a meeting schedule for commissioners and directors at the beginning of the current fiscal year or at the end of the previous fiscal year. The objective is for every meeting of the board of commissioners can be conducted effectively and efficiently.
- ✓ **(E.3.4):** The 2/3 quorum requirement in a decision-making meeting by the board of commissioners is to ensure the commitment of the board members to carry out their supervisory function effectively towards the company's directors.
- ✓ **(E.3.12):** The company should disclose the remuneration policy or practice for members of the board of directors which covers basic and variable salaries (short-term and long-term) along with performance measures used in determining variable salaries.
- ✓ **(E.3.15):** The company should clearly establish measurement standards to align the remuneration of directors with short-term and long-term performance, including claw-back provisions for performance-based remuneration.
- ✓ **(E.4.2):** The position of the president commissioner is vital to ensure that the decisions of the board avoid conflicts of interest. The board must act in the interests of the

company. Therefore, the position of president commissioner should come from an independent commissioner.

- ✓ **(E.4.5):** If it is not possible for the company's main commissioner to come from an independent party, then the company should appoint a senior independent commissioner as a lead commissioner along with the responsibilities and authorities.

4.2.2 RECOMMENDATION LEVEL 2 (BONUS & PENALTY)

Strengthening the implementation of corporate governance can be carried out exceeding the practices required on level 1 (Part A to Part E). Implementations exceeding level 1 will earn bonus points. However, violations of regulations and/or violations of international standards as defined in the ACGS will result in a penalty and could reduce the total score obtained on level 1. The following are recommendations for corporate governance practices beyond level 1 and avoiding violations that may be committed by the company:

- ✓ The use of secured electronic voting is mainly to facilitate voting rights from shareholders who are unable to attend (absentee) the voting process at the time of AGMS or EAGMS (Annual GMS or Extraordinary AGMS) for each agenda. **(Has 2 points score).**
- ✓ The OJK Regulation of AGMS issued in December 2015 requires companies to send AGMS calls to shareholders at least 21 days. However, the AGMS call mechanism itself allows the company to deliver information regarding AGMS calls to shareholders within 28 days prior to the AGMS. **(Has 2 points score).**
- ✓ To disclose the remuneration of the President Director or Chairman in detail, including at least basic salary, incentives or bonus paid in the short-term (annual bonus) and

long-term (in the form of deferred stock) in 3 or 5 years (depends on the company's remuneration policy). **(Has 2 points score).**

- ✓ The company can consider making a policy arrangement that clearly regulates the diversity of the composition on the membership of the company's board of commissioners accompanied by targeting as well as progress report or achievement of the target/objectives of the diversity. With the following explanation;
 - A diversity policy includes how diversity is defined and set as well as how inclusion is found on the board. Diversity is not only interpreted in terms of expertises and competencies owned by the prospective commissioners, but it also includes age, gender, or even ethnicity.
 - Targets are set according to knowledge or educational background, experiences, and gender. The target of gender diversity, for instance the board of commissioners in the next 3 years consists of 30% of women. The diversity of knowledge and experience must be like that.

(Has 2 points score).

- ✓ The company can strengthen the role of the board of commissioners by empowering the nominating committee with a composition of 100 percent independent members. An independent member does not have to be an independent commissioner, but can come from outside party that meets the independence requirements. **(Has 2 points score).**
- ✓ To ensure board member qualifications, skill requirements, competencies, and other behavioral requirements should be aligned with the company's business strategy in the recruitment of board members. **(Has 4 points score).**

- ✓ The use of professional third parties in the search for candidates for board members helps to ensure the qualifications of candidates objectively. **(Has 2 points score).**
- ✓ The company can consider the majority number of independent commissioner members (> 50%) in the composition of the company's board of commissioners membership to strengthen the function of supervision and independence in the decision-making process by the board of commissioners accompanied by the position of President Commissioner that held by an independent commissioner. **(Has 2 points score).**
- ✓ IT governance should address issues of disruption, cyber security, and disaster management to ensure that key risks are identified and reported to the board. **(Has 2 points score).**
- ✓ The company may form a Committee that specifically responsible for managing risk which has a separate structure and authority within the company (Separate Board Level Risk Committee). **(Has 2 points score).**
- ✓ To enable independent commissioners to provide objective considerations for the company's interests and avoid conflicts of interest, independent commissioners should have a maximum term of 9 years or 2 times the term of office **(Can reduce -2 or -3 (minus two or three) points score).**



IICD Office:

**Gd. Prof. Dr. M. Sadli – Magister Akuntansi (MAKSI)
Kampus Universitas Indonesia Salemba
Jl. Salemba Raya No.4 Jakarta 10430
(62-21) 3100751 – 0851 0026 2987**