

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



**PT SELAMAT SEMPURNA Tbk**  
MEMBER OF ADR GROUP

**Jakarta, 25 August 2020**

## EXECUTIVE SUMMARY

The report on the Corporate Governance (CG) practices assessment result of PT Selamat Sempurna Tbk berdasarkan *ASEAN CG Scorecard (ACGS) 2020* based on ASEAN CG Scorecard (ACGS) 2020 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 2019 and company's website.

The assessment result shows that the overall weighted score obtained by PT Selamat Sempurna Tbk was **79,18** points. The details of the weighted score for each Scorecard components are as follows:

- 1. Principle A – Rights of Shareholders: 9,05**
- 2. Principle B – Equitable Treatment of Shareholders: 7,69**
- 3. Principle C – Role of Stakeholders: 13,85**
- 4. Principle D – Disclosure and Transparency: 18,75**
- 5. Principle E – Board of the Commissioners Responsibilities: 33,85**

In the component assessment of bonus and penalty, PT Selamat Sempurna Tbk did not obtain a bonus but received a penalty of **- 4 points** for CG practices carried out during the fiscal year 2019.

Based on the final score of 79,18 points, the performance level of compliance of PT Selamat Sempurna Tbk is categorized in the **“Fair”** or Level 2 (70,00-79,99), which means there is a strong awareness and efforts to adopt international standards. Referring to the assessment result of 200 PLCs in ACGS 2019 as a comparison, the total score obtained by

the company (SMSM) is above the average total score of PLCs that are included in MidCap100 category (100 middle market capitalization PLCs on the exchange) with a score of 63,01 and BigCap100 category (100 biggest market capitalization PLCs on the exchange) with a score of 72,88. 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.

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## 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 standards 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

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

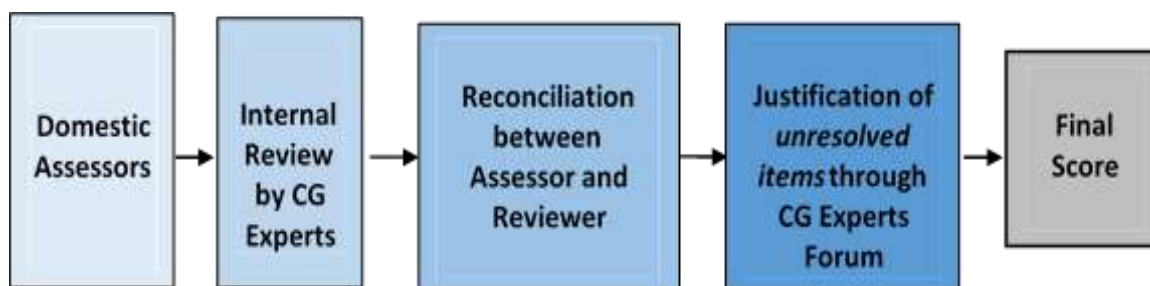
Assessment Technique for this ASEAN CG Scorecard 2020 was based on information or documents that are available in public related to the corporate governance practices implemented by the company for fiscal year 2019. The source of informations and documents are as follows:

- Annual report 2019; audited financial report for fiscal year 2019;
- Notice to call of Annual General Meeting of Shareholders (AGMS) conducted in 2020 for company's performance in the fiscal year 2019;
- Notice to the result of AGMS for company's performance in the fiscal year 2019;
- 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 2020 and ASEAN CG Scorecard 2019 (for 200 PLCs) 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 2020**



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).

Total Score or final score of CG performance by the company is 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
Lebih dari 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 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 of PT Selamat Sempurna Tbk .

<b>CG SCORE FOR PARAMETER A.1 (Basic Rights Of Shareholders)</b>				
<b>No</b>	<b>Question</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>A.1.1</b>	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 general meetings for final dividends? In case the company has offered Scrip dividend, did the company paid the dividend within 60 days?	Yes	1	Comply

## 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.

<b>CG SCORE FOR PARAMETER A.2</b> <b>(Rights to Participate in Decisions Concerning Fundamental Corporate Changes)</b>				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Compliance Status (comply or not comply)
	<b>Do shareholders have the right to participate in:</b>			
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., <b>Default answer Yes</b> )
A.2.2	The authorisation 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	
<b>TOTAL CG SCORE for Parameter A.2</b>			<b>3</b>	

PT Selamat Sempurna Tbk has complied with the assessment item above.

### **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:

<b>CG SCORE FOR PARAMETER A.3</b> <b>(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))</b>				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Compliance Status (comply or not comply)

<b>CG SCORE FOR PARAMETER A.3</b> <b>(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))</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>A.3.1</b>	Do shareholders have the opportunity, evidenced by an agenda item, 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
<b>A.3.2</b>	Does the company provide non-controlling shareholders a right to nominate candidates for board of directors/commissioners?	Yes	1	Default answer Yes
<b>A.3.3</b>	Does the company allow shareholders to elect directors/commissioners individually?	Yes	1	Default answer Yes
<b>A.3.4</b>	Does the company disclose the voting procedures used before the start of meeting?	Yes	1	Comply
<b>A.3.5</b>	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	Comply
<b>A.3.6</b>	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	Comply
<b>A.3.7</b>	Does the company disclose the list of board members who attended the most recent AGM?	Yes	1	Comply
<b>A.3.8</b>	Does the company disclose that all board members and the CEO (if he is not a board member) attended the most recent AGM?	No	0	Not Comply
<b>A.3.9</b>	Does the company allow voting in absentia?	Yes	1	Default answer Yes
<b>A.3.10</b>	Did the company vote by poll (as opposed to by show of hands) for all resolutions at the most recent AGM?	Yes	1	Comply

<b>CG SCORE FOR PARAMETER A.3</b> <b>(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))</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>A.3.11</b>	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	Comply
<b>A.3.12</b>	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	Comply
<b>A.3.13</b>	Does the company provide at least 21 days notice for all AGMs and EGMs?	Yes	1	Comply
<b>A.3.14</b>	Does the company provide the rationale and explanation for each agenda item which require shareholders’ approval in the notice of AGM/circulars and/or the accompanying statement?	Yes	1	Comply
<b>A.3.15</b>	Does the company give the opportunity for shareholder to place <i>item/s</i> on the agenda of AGM?	Yes	1	Comply
<b>TOTAL CG SCORE for Parameter A.3</b>			<b>14</b>	

Based on the 15 assessment indicators above, the following is explanation for items that have not been done by the company (1 assessment item):

- A.3.8 requests the presence of all members of the board of commissioners and President Director of the company at the AGMS. The company’s CEO, Mr. Eddy Hartono, did not attend the general meeting of shareholders, therefore the company has not been able to obtain points.

#### **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.

<b>CG SCORE FOR PARAMETER A.4 (Markets for corporate control should be allowed to function in an efficient and transparent manner)</b>				
<b>No</b>	<b>Question</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>A.4.1</b>	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

PT Selamat Sempurna Tbk has complied with the intended question in accordance with the standards required by ACGS.

#### **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.

<b>CG SCORE FOR PARAMETER A.5 (The Exercise of Ownership Rights by All Shareholders, Including Institutional Investors Should Be Facilitated)</b>				
<b>No</b>	<b>Question</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>A.5.1</b>	Does the company publicly disclose policy/practice to encourage shareholders including institutional shareholders to attend the general meetings or engagement with the company?	No	0	Not Comply



Shareholders should have fiduciary obligations which can directly monitor, especially institutional shareholders, on the directors of the company. One form of active shareholder activity is attending and voting at the AGMS. International standards of corporate governance or CG code require that companies should encourage shareholders, especially institutional shareholders, to be present at AGMS and in other forms of shareholder engagement. The assessment result of corporate governance indicates that PT Selamat Sempurna Tbk has not 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**

<b>CG SCORE FOR RIGHTS OF SHAREHOLDERS PRINCIPLE</b>				
<b>No</b>	<b>Key Parameters</b>	<b>Number of Items Complied with Each Parameter</b>	<b>Number of Items</b>	<b>Score per Component</b>
<b>1</b>	Basic Rights of Shareholders	<b>1</b>	<b>1</b>	<b>100%</b>
<b>2</b>	Right to participate in decisions concerning fundamental corporate changes	<b>3</b>	<b>3</b>	<b>100%</b>
<b>3</b>	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)	<b>14</b>	<b>15</b>	<b>93,33%</b>
<b>4</b>	Market for corporate control should be allowed to function in an efficient and transparent manner.	<b>1</b>	<b>1</b>	<b>100%</b>
<b>5</b>	The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated	<b>0</b>	<b>1</b>	<b>0%</b>
<b>TOTAL ITEMS THAT COMPLY WITH PRINCIPLE OF RIGHTS OF SHAREHOLDERS</b>		<b>19</b>	<b>21</b>	<b>90,48%</b>

### 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.

<b>CG SCORE FOR PARAMETER B.1 (Share Ownership and Voting Rights)</b>				
<b>No</b>	<b>Questions</b>	<b>"Yes" or "No" or "N/A" Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>B.1.1</b>	Do the company's ordinary or common shares have one vote for one share?	Yes	1	Default answer Yes
<b>B.1.2</b>	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	0	Not available
<b>TOTAL CG SCORE for Parameter B.1</b>			<b>1</b>	

PT Selamat Sempurna Tbk (SMSM) has fully implemented item B1.1. Item B.1.2 is not relevant to the company (N/A) because the company only has 1 type of stock.

## 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:

<b>CG SCORE FOR PARAMETER B.2 (Notice of AGMS)</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>B.2.1</b>	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	Comply
<b>B.2.2</b>	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	Comply
	<b>Does the notice of AGM/circulars have the following details:</b>			
<b>B.2.3</b>	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?	N/A	0	Not Available
<b>B.2.4</b>	Are the auditors seeking appointment/re-appointment clearly identified?	No	0	Not Comply
<b>B.2.5</b>	Documents required to be proxy/ Were the proxy documents made easily available?	Yes	1	Default answer Yes
<b>TOTAL CG SCORE for Parameter B.2</b>			<b>3</b>	

Item B.2.3 becomes irrelevant because at the AGMS 2020, PT Selamat Sempurna did not conduct BOC/BOD election. The following is an explanation for the assessment item above that has not been done or complied with by the company (1 assessment item):

- B.2.4 requests information disclosure on external auditor who will be appointed at the AGMS. Furthermore, the information requested regarding the related external auditor is the name of the external auditor that assigned to conduct an audit at the company, not the name from Office of the External Auditor. The

assessment result indicate that the AGMS' invitation (notice to call) did not contain the information, thus the company has not complied with this assessment item.

### 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:

<b>CG SCORE FOR PARAMETER B.3 (Insider Trading and Abusive Self-dealing Should Be Prohibited)</b>				
<b>No</b>	<b>Questions</b>	<b>"Yes" or "No" or "N/A" Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>B.3.1</b>	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>B.3.2</b>	Are the directors and commissioners required to report their dealings in company shares within 3 business days?	No	0	Not Comply
<b>TOTAL CG SCORE for Parameter B.3</b>			<b>1</b>	

The following is an explanation for the assessment item above that has not been done or complied with by the company (1 assessment item):

- B.3.2 requests disclosure to each commissioners and directors that it is mandatory to report transactions related to their shares in the company to be reported immediately within 3 working days. The assessment result shows that the company has not complied with this item.

#### 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:

<b>CG SCORE FOR PARAMETER B.4 (Related Party Transactions by the Board of Commissioners and Directors)</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>B.4.1</b>	Does the company have a policy requiring directors /commissioners to disclose their interest in transactions and any other conflicts of interest?	Yes	1	Default answer Yes
<b>B.4.2</b>	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 and shareholders?	Yes	1	Default answer Yes
<b>B.4.3</b>	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>B.4.4</b>	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.	No	0	Not Comply
<b>TOTAL CG SCORE for Parameter B.4</b>			<b>3</b>	

The following is an explanation for the assessment item above that has not been done or complied with by the company (1 assessment item):

- B.4.4 requests an explicit policy statement regarding the prohibition of loans to Directors and Commissioners or a policy ensuring that the loan is made at a due period and a reasonable interest rate. Based on the assessment result, there was no information disclosure that indicates the company had fulfilled or complied with the assessment indicator for this practice.

## B.5 Protecting minority shareholders from abusive actions

This parameter consists of only 2 (two) items which were used as an assessment indicator as follows;

<b>CG SCORE FOR PARAMETER B.5 (Protecting minority shareholders from abusive actions)</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>B.5.1</b>	Does the company disclose that RPTs are conducted in such a way to ensure that they are fair and at arms' length?	Yes	1	Comply
<b>B.5.2</b>	In case of related party transactions requiring shareholders approval, is the decision made by disinterested shareholders?	Yes	1	Default answer Yes
<b>TOTAL CG SCORE for Parameter B.5</b>			<b>2</b>	

PT Selamat Sempurna Tbk, has complied with all of the assessment items above.

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**

<b>CG SCORE FOR EQUITABLE TREATMENT OF SHAREHOLDERS PRINCIPLE</b>				
<b>No</b>	<b>Key Parameters</b>	<b>Number of Items Complied with Each Parameter</b>	<b>Number of Items</b>	<b>Score per Component</b>
<b>1</b>	Shares Ownership and Voting Rights	<b>1</b>	<b>1</b>	<b>100%</b>
<b>2</b>	Notice of AGMS	<b>3</b>	<b>4</b>	<b>75%</b>
<b>3</b>	Insider Trading and Abusive Self-dealing Should be Prohibited	<b>1</b>	<b>2</b>	<b>50%</b>
<b>4</b>	Related Party Transactions by the Board of Commissioners and Directors members	<b>3</b>	<b>4</b>	<b>75%</b>
<b>5</b>	Protecting Minority Shareholders from Abusive Action	<b>2</b>	<b>2</b>	<b>100%</b>
<b>TOTAL ITEMS THAT COMPLY WITH EQUITABLE TREATMENT OF SHAREHOLDERS</b>		<b>10</b>	<b>13</b>	<b>76,92%</b>

\* There are 2 assessment items/questions that are not assessed (N/A), thus the number of items in principle B that counted are only 13 questions.



### 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

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

<b>CG SCORE FOR PARAMETER C.1 (The Rights of Stakeholders that are established by law or through mutual agreements should be respected)</b>				
<b>No</b>	<b>Question</b>	<b>"Yes" or "No" or "N/A" Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
	<b>Does the company disclose a policy &amp; activity that:</b>			
<b>C.1.1</b>	The existence and scope of the company's efforts to address customers' health and safety?	Yes	1	Comply
<b>C.1.2</b>	Supplier/contractor selection procedures?	Yes	1	Comply
<b>C.1.3</b>	Describes the company's efforts to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development?	Yes	1	Comply

<b>CG SCORE FOR PARAMETER C.1</b> <b>(The Rights of Stakeholders that are established by law or through mutual agreements should be respected)</b>				
<b>No</b>	<b>Question</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>C.1.4</b>	The company's efforts to interact with the communities in which they operate?	Yes	1	Comply
<b>C.1.5</b>	Describe the company's anti-corruption programmes and procedures?	Yes	1	Comply
<b>C.1.6</b>	Describes how creditors' rights are safeguarded?	Yes	1	Comply
<b>C.1.7</b>	Does the company have a separate report/section that discusses its efforts on environment/economy and social issues ?	Yes	1	Comply
<b>TOTAL CG SCORE for Parameter C.1</b>			<b>7</b>	

PT Selamat Sempurna Tbk has fully complied with every questions required in the ACGS to fulfill the rights of stakeholders both required by law and by mutual agreement.

## **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:

<b>CG SCORE FOR PARAMETER C.2</b> <b>(Stakeholders should have the opportunity to obtain effective redress for violation of their rights)</b>				
<b>No</b>	<b>Question</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>C.2.1</b>	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	Comply

PT Selamat Sempurna Tbk owned and has disclosed contact details related to stakeholders matters.

### **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:

<b>CG SCORE FOR PARAMETER C.3 (Performance-enhancing mechanisms for employee participation should be permitted to develop)</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>C.3.1</b>	Does the company explicitly disclose the health, safety, and welfare policy for its employees?	Yes	1	Comply
<b>C.3.2</b>	Does the company explicitly disclose the policies and practices on training and development programmes for its employees?	Yes	1	Comply
<b>C.3.3</b>	Does the company have a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures?	No	0	Not Comply
<b>TOTAL CG SCORE for Parameter C.3</b>			<b>2</b>	

The following is an explanation for the assessment item above that has not been complied with or done by the company (1 assessment item):

- C.3.3 requests disclosure of company’s long-term performance-based compensation/remuneration policies. An example of this compensation is to provide long-term stock options for employees.

### **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.

<b>CG SCORE FOR PARAMETER C.4</b> <b>(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)</b>				
No	Questions	“Yes” or “No” or “N/A” Answer	SCOR E	Compliance Status (comply or not comply)
C.4.1	Does the company have a whistle blowing policy which includes procedures for complaints by employees concerning alleged illegal (including corruption) and unethical behaviour and provide contact details via the company's website or annual report?	Yes	1	Comply
C.4.2	Does the company have a policy or procedures to protect an employee/person who reveals illegal/unethical behavior from retaliation?	Yes	1	Comply
<b>TOTAL CG SCORE for Parameter C.4</b>			<b>2</b>	

PT Selamat Sempurna Tbk has complied with 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**

<b>CG SCORE ON THE ROLE OF STAKEHOLDERS PRINCIPLE</b>				
<b>No</b>	<b>Key Parameters</b>	<b>Number of Items Complied with Each Parameter</b>	<b>Number of Items</b>	<b>Score per Component</b>
<b>1</b>	The Rights of Stakeholders that are established by law or through mutual agreements should be respected.	<b>7</b>	<b>7</b>	<b>100%</b>
<b>2</b>	Stakeholders should have the opportunity to obtain effective redress for violation of their rights.	<b>1</b>	<b>1</b>	<b>100%</b>
<b>3</b>	Performance-enhancing mechanisms for employee participation should be permitted to develop.	<b>2</b>	<b>3</b>	<b>66,67%</b>
<b>4</b>	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.	<b>2</b>	<b>2</b>	<b>100%</b>
<b>TOTAL ITEMS THAT COMPLY WITH THE ROLE OF STAKEHOLDERS</b>		<b>12</b>	<b>13</b>	<b>92,30%</b>

### 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 Media of Communications.
7. Timely submission or release of the information on financial report or annual report.
8. Company 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.

<b>CG SCORE FOR PARAMETER D.1 (Transparency of Ownership Structure)</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>D.1.1</b>	Does the information on shareholdings reveal the identity of beneficial owners, holding 5% shareholding or more?	No	0	Not Comply
<b>D.1.2</b>	Does the company disclose the direct and indirect (deemed) shareholdings of major and/or substantial shareholders?	No	0	Not Comply

<b>CG SCORE FOR PARAMETER D.1 (Transparency of Ownership Structure)</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>D.1.3</b>	Does the company disclose the direct and indirect (deemed) shareholdings of directors (commissioners)?	No	0	Not Comply
<b>D.1.4</b>	Does the company disclose the direct and indirect (deemed) shareholdings of senior management?	No	0	Not Comply
<b>D.1.5</b>	Does the company disclose details of the subsidiaries, associates, joint ventures and special purpose enterprises/ vehicles (SPEs)/ (SPVs)?	Yes	1	Comply
<b>TOTAL CG SCORE for Parameter D.1</b>			<b>1</b>	

Item D.1.1 to D.1.4 are not only direct ownership, but also indirect ownership. PT Selamat Sempurna Tbk did not disclose the beneficial ownership for item D.1.1 and indirect ownership for item D.1.2 to D.1.4.

## **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:

<b>CG SCORE FOR PARAMETER D.2 (Quality of Annual Report)</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
	<b>Does the company's annual report disclose the following items:</b>			
<b>D.2.1</b>	Corporate objectives	Yes	1	Comply
<b>D.2.2</b>	Financial performance indicators	Yes	1	Comply
<b>D.2.3</b>	Non-financial performance indicators	No	0	Not Comply
<b>D.2.4</b>	Dividend policy	Yes	1	Comply

<b>CG SCORE FOR PARAMETER D.2 (Quality of Annual Report)</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>D.2.5</b>	Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes	1	Comply
<b>D.2.6</b>	Attendance details of each director/commissioner in respect of meetings held	Yes	1	Comply
<b>D.2.7</b>	Total remuneration of each member of the board of directors/commissioners	No	0	Not Comply
<b>D.2.8</b>	Does the Annual Report contain a statement confirming the company's full compliance with the code of corporate governance	Yes	1	Comply
<b>TOTAL CG SCORE for Parameter D.2</b>			<b>6</b>	

Based on the 8 (eight) assessment indicators above, the following are the explanations for assessment items that have not been fulfilled regarding the information in the Annual Report (2 assessment items):

- D.2.3 requires the company to include non-financial indicator in the annual report, for instance, the employee turnover rate and market share.
- D.2.7 requests the company to disclose the amount of remuneration received by each member of the board of commissioners in the company's Annual Report or in remuneration report 2019. The company did not disclose this information.

### **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:



<b>CG SCORE FOR PARAMETER D.3 (Disclosure of Related Party Transactions)</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>D.3.1</b>	Does the company disclose its policy covering the review and approval of material/significant RPTs?	No	0	Not Comply
<b>D.3.2</b>	Does the company disclose the name of the related party and relationship for each material/significant RPT?	Yes	1	Comply
<b>TOTAL CG SCORE for Parameter D.3</b>			<b>1</b>	

For item D.3.1 above, it requests/requires a provision for each transaction with related party that the total is significant/material must be reviewed and approved in advance by an independent committee such as an audit committee. Based on the assessment result, there was no disclosure of information indicating that the company had fulfilled or complied with the assessment indicators for this practice.

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

This parameter only consists of 1 (one) question as the assessment indicator.

<b>CG SCORE FOR PARAMETER D.4 (Disclosure of the Member of Directors and the Board of Commissioners dealing in shares of the company)</b>				
<b>No</b>	<b>Question</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>D.4.1</b>	Does the company disclose trading in the company's shares by insiders?	Yes	1	Comply

PT Selamat Sempurna Tbk has complied with the assessment item above.

#### **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:

<b>CG SCORE FOR PARAMETER D.5 (External Auditor and Auditor Report)</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>D.5.1</b>	Are audit fees and non-audit fees disclosed?	Yes	1	Comply
<b>D.5.2</b>	Does the non-audit fees exceed the audit fees?	No	1	Comply
<b>TOTAL CG SCORE for Parameter D.5</b>			<b>2</b>	

\*) For assessment item D.5.1, the answer “Yes” shows that the company did not comply with the intended practice, and in contrast, the answer “No” indicates that the practice has been fulfilled/done by the company.

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

## **D.6 Company Media of Communication**

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

<b>CG SCORE FOR PARAMETER D.6 (Company Media of Communication)</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
	<b>Does the company use the following modes of communication?</b>			
<b>D.6.1</b>	Quarterly reporting	Yes	1	Comply
<b>D.6.2</b>	Company website	Yes	1	Comply
<b>D.6.3</b>	Analyst's briefing	Yes	1	Comply
<b>D.6.4</b>	Media briefings /press conferences	Yes	1	Comply
<b>TOTAL CG SCORE for Parameter D.6</b>			<b>4</b>	

PT Selamat Sempurna Tbk has complied with every questions related to the company's media of communication.

## 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.

<b>CG SCORE FOR PARAMETER D.7 (Timely submission or release of the information on financial report or annual report)</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>D.7.1</b>	Are the audited annual financial report/statement released within 120 days from the financial year end?	Yes	1	Comply
<b>D.7.2</b>	Is the annual report released within 120 days from the financial year end?	No	0	Not Comply
<b>D.7.3</b>	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	Comply
<b>TOTAL CG SCORE for Parameter D.7</b>			<b>2</b>	

The following is an explanation for the assessment item above that has not been complied with or done by the company (1 assessment item):

- D.7.2 The company is required to publish the annual report with a maximum of 120 days after the fiscal year ends. The assessment result shows that PT Selamat Sempurna Tbk published an annual report and sent it to the Exchange on June 30, 2020, hence the company has not been able to obtain points for this item.

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

This parameter consists of 6 (six) items as the assessment indicators.

<b>CG SCORE FOR PARAMETER D.8 (Company Website)</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
	<b>Does the company have a website disclosing up-to-date information on the following:</b>			
<b>D.8.1</b>	Financial statements/reports (latest quarterly)	Yes	1	Comply
<b>D.8.2</b>	Materials provided in briefings to analysts and media	Yes	1	Comply
<b>D.8.3</b>	Downloadable annual report	Yes	1	Comply
<b>D.8.4</b>	Notice of AGM and/or EGM	Yes	1	Comply
<b>D.8.5</b>	Minutes of AGM and/or EGM	Yes	1	Comply
<b>D.8.6</b>	Company's constitution (company's by-laws, memorandum and articles of association)	Yes	1	Comply
<b>TOTAL CG SCORE for Parameter D.8</b>			<b>6</b>	

The company has fully complied with the website standard as required by ACGS.

## **D.9 Investor Relations**

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

<b>CG SCORE FOR PARAMETER D.9 (Investor Relations)</b>				
<b>No</b>	<b>Question</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>D.9.1</b>	Does the company disclose the contact details (e.g. telephone, fax, and email) of the officer responsible for investor relations?	Yes	1	Comply

PT Selamat Sempurna Tbk both on the company's website and Annual Report has disclosed the information about specific e-mail for the investor relations activity in accordance with the requirement of this item.

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**

<b>CG SCORE FOR DISCLOSURE AND TRANSPARENCY PRINCIPLE</b>				
<b>No</b>	<b>Key Parameters</b>	<b>Number of Items Complied with Each Parameter</b>	<b>Number of Items</b>	<b>Score per Component</b>
<b>1</b>	Transparency of Ownership Structure	<b>1</b>	<b>5</b>	<b>20%</b>
<b>2</b>	Quality of Annual Report	<b>6</b>	<b>8</b>	<b>75%</b>
<b>3</b>	Disclosure of Related Party Transaction	<b>1</b>	<b>2</b>	<b>50%</b>
<b>4</b>	Disclosure of the Member of Directors and the Board of Commisioners dealing in shares of the company	<b>1</b>	<b>1</b>	<b>100%</b>
<b>5</b>	External Auditor and Auditor Report	<b>2</b>	<b>2</b>	<b>100%</b>
<b>6</b>	Media of Communication	<b>4</b>	<b>4</b>	<b>100%</b>
<b>7</b>	Timely Submission or Release of Annual or Financial Reports	<b>2</b>	<b>3</b>	<b>66,67%</b>
<b>8</b>	Company Website	<b>6</b>	<b>6</b>	<b>100%</b>
<b>9</b>	Investor Relations in the Company	<b>1</b>	<b>1</b>	<b>100%</b>
<b>TOTAL ITEMS THAT COMPLY WITH DISCLOSURE AND TRANSPARENCY PRINCIPLE</b>		<b>24</b>	<b>32</b>	<b>75,00%</b>

### **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 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 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.

<b>CG SCORE FOR INDICATOR E.1 (Duties and Responsibilities of the Directors and the Board of Commissioners)</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
	<b>The responsibilities of the Board of Commissioners and CG Policy must be clearly stated by the company:</b>			
<b>E.1.1</b>	Does the company disclose its corporate governance policy / board charter?	Yes	1	Comply
<b>E.1.2</b>	Are the types of decisions requiring board of directors/commissioners' approval disclosed ?	Yes	1	Comply
<b>E.1.3</b>	Are the roles and responsibilities of the board of directors/commissioners clearly stated ?	Yes	1	Comply
	<b>Company’s Vision and Mission:</b>			
<b>E.1.4</b>	Does the company have an updated vision and mission statement?	Yes	1	Comply

<b>CG SCORE FOR INDICATOR E.1 (Duties and Responsibilities of the Directors and the Board of Commissioners)</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>E.1.5</b>	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	Comply
<b>E.1.6</b>	Does the board of directors monitor/oversee the implementation of the corporate strategy?	Yes	1	Comply
<b>TOTAL CG SCORE for Indicator E.1</b>			<b>6</b>	

The company has fully complied with every questions regarding the disclosure of the duties and responsibilities of the board as required in the ACGS standard.

## **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:

<b>CG SCORE FOR INDICATOR E.2 (Board of Commissioners Structure)</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
	<b>Code of Ethics or Code of Conduct:</b>			
<b>E.2.1</b>	Are the details of the code of ethics or conduct disclosed?	Yes	1	Comply
<b>E.2.2</b>	Does the company disclose that all directors/commissioners, senior management and employees are required to comply with the code?	Yes	1	Comply
<b>E.2.3</b>	Does the company have a process to implements and monitors compliance with the code of ethics or conduct?	Yes	1	Comply
	<b>Structure and Composition of the Board of Commissioners:</b>			



<b>CG SCORE FOR INDICATOR E.2 (Board of Commissioners Structure)</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>E.2.4</b>	Do independent directors/commissioners make up at least 50% of the board of directors/commissioners?	Yes	1	Comply
<b>E.2.5</b>	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	Not Comply
<b>E.2.6</b>	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
<b>E.2.7</b>	Does the company have any executive directors who serve on more than two boards of listed companies outside of the group?	No	1	Comply
	<b>Nominating Committee:</b>			
<b>E.2.8</b>	Does the company have a Nominating Committee (NC)?	Yes	1	Comply
<b>E.2.9</b>	Does the Nominating Committee comprise of a majority of independent directors/commissioners?	No	0	Not Comply
<b>E.2.10</b>	Is the chairman of the Nominating Committee an independent director/commissioner?	Yes	1	Comply
<b>E.2.11</b>	Does the company disclose the terms of reference/ governance structure/charter of the Nominating Committee?	Yes	1	Comply
<b>E.2.12</b>	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	Comply
	<b>Remuneration Committee/Compensation Committee:</b>			
<b>E.2.13</b>	Does the company have a Remuneration Committee?	Yes	1	Comply
<b>E.2.14</b>	Does the Remuneration Committee comprise of a majority of independent directors/commissioners?	No	0	Not Comply

<b>CG SCORE FOR INDICATOR E.2 (Board of Commissioners Structure)</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>E.2.15</b>	Is the chairman of the Remuneration Committee an independent director/commissioner?	Yes	1	Comply
<b>E.2.16</b>	Does the company disclose the terms of reference/ governance structure/ charter of the Remuneration Committee?	Yes	1	Comply
<b>E.2.17</b>	Is the attendance of members at Remuneration Committee meetings disclosed?	Yes	1	Comply
	<b>Audit Committee:</b>			
<b>E.2.18</b>	Does the company have an Audit Committee?	Yes	1	Default answer Yes
<b>E.2.19</b>	Does the Audit Committee comprise entirely of non-executive directors/commissioners with a majority of independent directors/commissioners?	Yes	1	Default answer Yes
<b>E.2.20</b>	Is the chairman of the Audit Committee an independent director/commissioner?	Yes	1	Default answer Yes
<b>E.2.21</b>	Does the company disclose the terms of reference/governance structure/charter of the Audit Committee?	Yes	1	Comply
<b>E.2.22</b>	Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)?	Yes	1	Comply
<b>E.2.23</b>	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	Comply
<b>E.2.24</b>	Does the Audit Committee have primary responsibility for recommendation on the appointment, and removal of the external auditor?	Yes	1	Comply
<b>TOTAL CG SCORE for Indicator E.2</b>			<b>21</b>	

\*) For assessment item E.2.7, the answer “Yes” shows that the company did not comply with the intended practice, and in contrast, the answer “No” indicates that the practice has been fulfilled/done by the company.

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

- E.2.5 requires the term limit for an independent commissioner to be a maximum of 9 years or 2 (two) times a 5-year period. The company (SMSM) did not disclose the deadline for the related term limit.
- E.2.9 & E.2.14 request that the majority of the nominating & remuneration committee members to come from an independent party. Based on the assessment result, there are less than 50% of the nominating & remuneration committee members are independent.

### 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.

<b>CG SCORE FOR INDICATOR E.3 (Board of Commissioners Process)</b>				
<b>No</b>	<b>Questions</b>	<b>"Yes" or "No" or "N/A" Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
	<b>Board of Commissioners Meetings and Attendance:</b>			
<b>E.3.1</b>	Are the board of directors meetings scheduled before the start of financial year?	Yes	1	Comply
<b>E.3.2</b>	Does the board of directors/commissioners meet at least six times per year?	Yes	1	Comply
<b>E.3.3</b>	Has each of the directors/commissioners attended at least 75% of all the board meetings held during the year?	Yes	1	Comply
<b>E.3.4</b>	Does the company require a minimum quorum of at least 2/3 for board decisions?	No	0	Not Comply

<b>CG SCORE FOR INDICATOR E.3 (Board of Commissioners Process)</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>E.3.5</b>	Did the non-executive directors/commissioners of the company meet separately at least once during the year without any executives present?	Yes	1	Comply
	<b>Access to Information:</b>			
<b>E.3.6</b>	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	Comply
<b>E.3.7</b>	Does the company secretary play a significant role in supporting the board in discharging its responsibilities?	Yes	1	Comply
<b>E.3.8</b>	Is the company secretary trained in legal, accountancy or company secretarial practices and has kept abreast on relevant developments?	Yes	1	Comply
	<b>Appointment and Re-election of members of the Board of Commissioners:</b>			
<b>E.3.9</b>	Does the company disclose the criteria used in selecting new directors/commissioners?	Yes	1	Comply
<b>E.3.10</b>	Does the company disclose the process followed in appointing new directors/commissioners?	Yes	1	Comply
<b>E.3.11</b>	Are all 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 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	Comply
	<b>Remuneration Matters:</b>			

<b>CG SCORE FOR INDICATOR E.3 (Board of Commissioners Process)</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>E.3.12</b>	Does the company disclose its remuneration (fees, allowances, benefit-in-kind and other emoluments) policy (i.e. the use of short term and long term incentives and performance measures) for its executive directors and CEO?	No	0	Not Comply
<b>E.3.13</b>	Is there disclosure of the fee structure for non-executive directors/commissioners?	Yes	1	Comply
<b>E.3.14</b>	Do the shareholders or the Board of Directors approve the remuneration of the executive directors and/or the senior executives?	Yes	1	Comply
<b>E.3.15</b>	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	Not Comply
	<b>Internal Audit:</b>			
<b>E.3.16</b>	Does the company have a separate internal audit function?	Yes	1	Default answer Yes
<b>E.3.17</b>	Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed?	Yes	1	Comply
<b>E.3.18</b>	Does the appointment and removal of the internal auditor require the approval of the Audit Committee?	Yes	1	Default answer Yes
	<b>Risk Oversight:</b>			
<b>E.3.19</b>	Does the company establish a sound internal control procedures/risk management framework and periodically review the effectiveness of that framework?	Yes	1	Comply

<b>CG SCORE FOR INDICATOR E.3 (Board of Commissioners Process)</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>E.3.20</b>	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	Comply
<b>E.3.21</b>	Does the company disclose the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic)?	Yes	1	Comply
<b>E.3.22</b>	Does the Annual 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	Comply
<b>TOTAL CG SCORE for Indicator E.3</b>			<b>19</b>	

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

- E.3.4 requires a 2/3 quorum for decision-making at a board of commissioners meeting. While the information available (in the Annual Report) states that for the quorum of the board of commissioners meeting, the company (SMSM) only requires a minimum of more than 1/2 the number of board of commissioners members to be present at the meeting.
- E.3.12 requires the company to disclose performance measurements for short-term and long-term incentives in the remuneration policy of the directors members. The assessment result only found disclosures from the remuneration

of directors and commissioners that are short-term, therefore the company has not been able to obtain points for this assessment indicator.

- E.3.15 requires that the company should own measurable standards that align the performance-based remuneration of the executive directors and senior executives with the company's long-term interests (company's long-term performance), including claw back provision (the refund of partial or all bonuses that has been received) and deferred bonuses payment. The assessment result indicates that the company does not have the intended performance measurable standards and provision.

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

This main parameter is divided into 3 (three) measurement parameters consisting of a total 6 (six) questions as the assessment indicators.

<b>CG SCORE FOR INDICATOR E.4 (Individuals in the Structure of the Board of Commissioners)</b>				
<b>No</b>	<b>Questions</b>	<b>"Yes" or "No" or "N/A" Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
	<b>Company Board Chairman</b>			
<b>E.4.1</b>	Do different persons assume the roles of chairman and CEO?	Yes	1	Default answer Yes
<b>E.4.2</b>	Is the chairman an independent director/commissioner?	No	0	Not Comply
<b>E.4.3</b>	Is any of the directors a former CEO of the company in the past 2 years?	No	1	Comply
<b>E.4.4</b>	Are the role and responsibilities of the chairman disclosed?	Yes	1	Comply
	<b>Senior Independent Commissioner:</b>			
<b>E.4.5</b>	If the Chairman is not independent, has the Board appointed a Lead/Senior Independent Director and has his/her role been defined?	No	0	Not Comply

<b>CG SCORE FOR INDICATOR E.4 (Individuals in the Structure of the Board of Commissioners)</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
	<b>Board of Commissioners Skills and Competencies:</b>			
<b>E.4.6</b>	Does at least one non-executive director/commissioner have prior working experience in the major sector that the company is operating in?	Yes	1	Comply
<b>TOTAL CG SCORE for Indicator E.4</b>			<b>4</b>	

\*) For assessment item E.4.3, the answer “Yes” shows that the company did not comply with the intended practice, and in contrast, the answer “No” indicates that the practice has been fulfilled/done by the company.

Based on the 6 (six) assessment items above, the following is an explanation for items that have not been fulfilled by the company (2 assessment items):

- E.4.2 requests that the chairman of the board of commissioners needs to come from an independent circle. In the assessment result, the chairman of the board of commissioners of PT Selamat Sempurna Tbk is not from an independent circle therefore the company has not been able to obtain points in this item.
- E.4.5 the company is expected to own a policy if the chairman of the board of commissioners is not an independent commissioner, then the board of commissioners needs to appoint an independent commissioner (Senior Lead Commissioner). The duties and responsibilities of the intended senior independent commissioner should also be disclosed to obtain points in this item. The assessment result does not indicate that the company has practiced this matter.



## E.5 Board of Commissioners Performance

This main parameter is divided into 3 (three) measurement sub-parameters consisting of a total 7 (seven) questions as the assessment indicators. The following is the assessment result of these items:

<b>CG SCORE FOR INDICATOR E.5 (Board of Commissioners Performance)</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
	<b>Training/Development of the Board of Commissioners:</b>			
<b>E.5.1</b>	Does the company have orientation programmes for new directors/commissioners?	Yes	1	Comply
<b>E.5.2</b>	Does the company have a policy that encourages directors/commissioners to attend on-going or continuous professional education programmes?	Yes	1	Comply
	<b>Appointment and Performance Assessment of the CEO/Managing Director/President:</b>			
<b>E.5.3</b>	Does the company disclose how the board of directors/commissioners plans for the succession of the CEO/Managing Director/President and key management?	No	0	Not Comply
<b>E.5.4</b>	Does the board of directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President?	Yes	1	Comply
	<b>Performance Assessment of the Board of Commissioner:</b>			
<b>E.5.5</b>	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	Comply
<b>E.5.6</b>	Did the company conduct an annual performance assessment of the individual directors/commissioners and disclose the criteria and process followed for the assessment?	No	0	Not Comply

<b>CG SCORE FOR INDICATOR E.5 (Board of Commissioners Performance)</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Compliance Status (comply or not comply)</b>
<b>E.5.7</b>	Did the company conduct an annual performance assessment of the board committees and disclose the criteria and process followed for the assessment?	Yes	1	Comply
<b>TOTAL CG SCORE for Indicator E.5</b>			<b>5</b>	

Based on the 7 (seven) assessment items above, the following is an explanation for items that have not been fulfilled by the company (2 assessment items):

- E.5.3 the company is required to disclose the succession policy for the president director. There was no disclosure of the intended practice found in the assessment result.
- E.5.6 requests a disclosure of information regarding the performance assessment for individual members of the board of commissioners along with the assessment criteria that are being used. There was no disclosure of the intended practice found in the assessment result.

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**

<b>CG SCORE FOR RESPONSIBILITIES OF THE BOARD PRINCIPLE</b>				
<b>No</b>	<b>Indicators/Key Parameters</b>	<b>Number of Items Complied with Each Parameter</b>	<b>Number of Items</b>	<b>Score per Component</b>
<b>1</b>	Duties and Responsibilities of the Board of Directors and Commissioners	<b>6</b>	<b>6</b>	<b>100%</b>
<b>2</b>	Board of Commissioners Structure	<b>21</b>	<b>24</b>	<b>87,50%</b>
<b>3</b>	Board of Commissioners Process	<b>19</b>	<b>22</b>	<b>86,36%</b>
<b>4</b>	Individuals in the Structure of the Board of Commissioners	<b>4</b>	<b>6</b>	<b>66,67%</b>
<b>5</b>	Board of Commissioners Performance	<b>5</b>	<b>7</b>	<b>71,43%</b>
<b>TOTAL ITEMS THAT COMPLY WITH THE RESPONSIBILITY OF THE BOARDS PRINCIPLE</b>		<b>55</b>	<b>65</b>	<b>84,62%</b>

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

<b>PRINCIPLE</b>	<b>Number of Assessment Items</b>	<b>Total assessment items that have been complied</b>	<b>Assessment Weight</b>	<b>Score</b>
<b>A</b>	<b>21</b>	<b>19</b>	<b>10</b>	<b>9,05</b>
<b>B</b>	<b>13</b>	<b>10</b>	<b>10</b>	<b>7,69</b>
<b>C</b>	<b>13</b>	<b>12</b>	<b>15</b>	<b>13,84</b>
<b>D</b>	<b>32</b>	<b>24</b>	<b>25</b>	<b>18,75</b>
<b>E</b>	<b>65</b>	<b>55</b>	<b>40</b>	<b>33,85</b>
<b>Level 1 Score</b>	<b>144</b>	<b>120</b>	<b>100</b>	<b>83,18</b>

The Achievement Result of the company's Total CG Score for level 1 assessment on ACGS 2020 has reached **83,18** points. The company's GCG score is still far above the ACGS 2019 overall average score for BigCap100 (72,61 points) and MidCap100 (64,82 points).

### 3.6 BONUS AND PENALTY

#### ✓ **Assessment Bonus For Company GCG Practices**

The assessment result shows that PT Selamat Sempurna Tbk (SMSM) did not obtain a bonus on all bonus items.

**Total bonus points obtained by the company is 0 (zero) point.**

#### ✓ **Penalty For Company GCG Practices**

PT Selamat Sempurna Tbk (SMSM) received penalties for the following assessment items:

- (P) A.3.2 : **-2 points**. The penalty is imposed due to the company's CEO, Pak Edi Hartono did not attend the last AGMS.
- (P) E.2.1: **-2 points**. The penalty is imposed because there is an independent commissioner who has served for more than 10 years. Mr. Handi has served as an independent commissioner since 2000. It is feared that an independent commissioner who has served for more than 10 years is no longer independent.
- **Total penalty points received by the company are -4 (minus four) points.**

#### ✓ **Therefore, the total score for the Bonus and Penalty Components (Level 2 Assessment) obtained by the company are -4 points.**

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

<b>BONUS &amp; PENALTY</b>	<b>Number of Assessment Items</b>	<b>Total assessment items that obtained Bonus &amp; Penalty</b>	<b>Score</b>
<b>BONUS</b>	<b>13</b>	<b>0</b>	<b>0</b>
<b>PENALTY</b>	<b>25</b>	<b>2</b>	<b>-4</b>
<b>Level 2 Score</b>			<b>-4</b>

The achievement result of the company's Total CG Score for level 2 assessment based on ACGS 2020 are **-4** points. When compared to the ACGS 2019 result, this total score is below the BigCap100 and MidCap100 average scores, which are 0,32 points and **-1,81** respectively.

## 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:

<b>Total Score for CG Practices of PT Selamat Sempurna Tbk</b>		
<b>No.</b>	<b>Assessment Components</b>	<b>Weighted Score per Principle</b>
1.	Rights of Shareholder Total rough score x weight = 90,48 x 10%	9,05
2.	Equitable Treatment of Shareholders 76,92 x 10%	7,69
3.	Role of Stakeholders 92,30 x 15%	13,84
4.	Disclosure & Transparency 75,00 x 25%	18,75
5.	Responsibility of the Board of Commissioners 84,62 x 40%	33,85
6.	Bonus	0
7.	Penalty	-4
<b>Total Weighted Score</b>		<b>79,18</b>

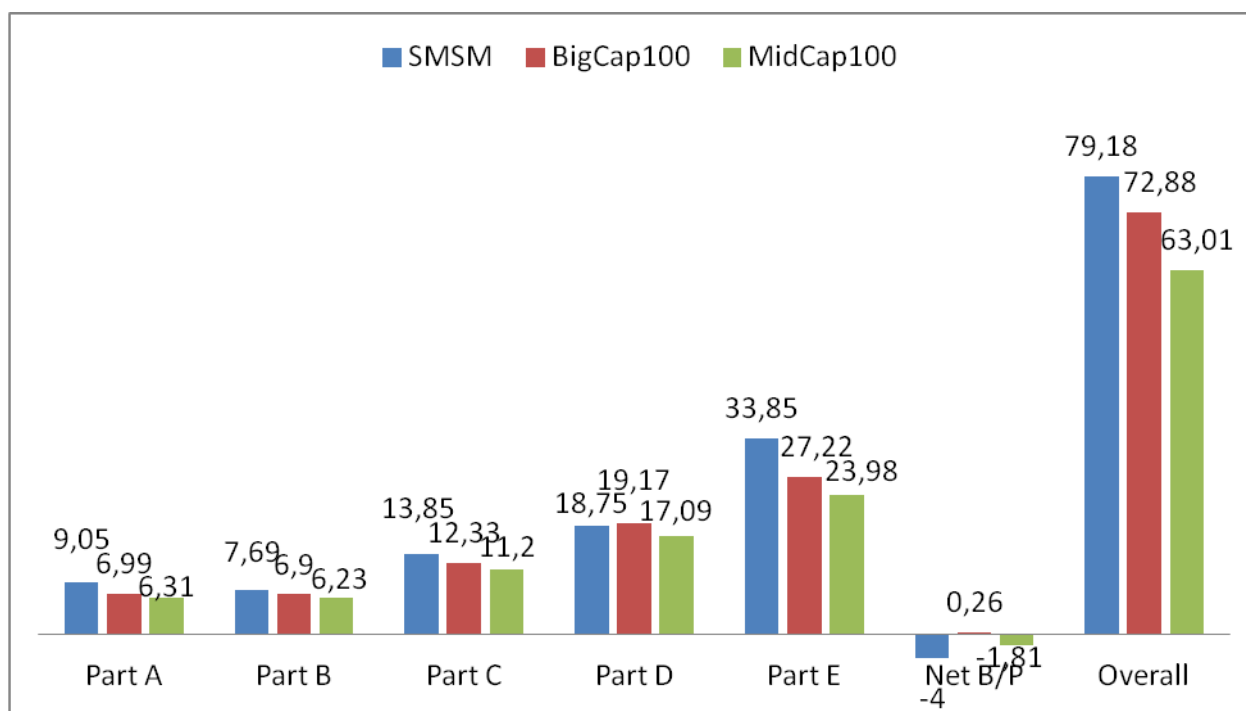
The overall score of GCG practices obtained by the company for fiscal year 2019 (ASEAN CG Scorecard 2020) is **79,18**. Overall, the assessment result is categorized in the “**Fair**” or Level 2 (70,00-79,99), which means that the implementation of corporate governance is still at the minimum requirements of the compliance level, however it shows a strong willingness to adopt the international standards. The company still has the potential to improve this GCG practice to level 3 (Good) or level 4 (Very Good).

When viewed from the rough score (not weighted), it can be concluded that the compliance of PT Selamat Sempurna Tbk for the principle Part A (the principle of shareholder rights) has reached 90,48 percent, Part B (the principle of equal treatment of shareholders) has reached 76,92 percent, Part C (the principle of roles of stakeholder) has reached 92,30 percent, Part D (the principle of disclosure and transparency) has reached 75,00 percent, and Part E (principle of responsibility of the boards) has reached 84,62 percent.

#### 4.1.1. Comparison of the Performance Level of Compliance between PT Selamat Sempurna Tbk with BigCap100 and MidCap100

The following graph presents a comparison of the CG Score between PT Selamat Sempurna Tbk with the average score of BigCap100 and MidCap100.

**SMSM's GCG Score with Overall BigCap100 and MidCap100**



The graph above shows that the overall score of PT Selamat Sempurna Tbk is still far above the overall average score of both BigCap100 and as well as MidCap100. Also, the score for each parameter or ACGS principles, except for the disclosure and transparency



parameter or Part D, is still slightly below the BigCap average score (19,17 points), while SMSM's score is 18,75 points. When compared to the score for each MidCap100 parameter, SMSM's score is above the MidCap100 score for all parameters.

#### **4.1. RECOMMENDATION**

The following are several recommendation that can be used as guidelines/references for the company in order to make improvements for governance practices in the future, especially for several assessment indicators where the company has not been able to comply with the standard of GCG practices required in the ASEAN CG Scorecard (both for Level 1 and Level 2 assessment):

##### **4.2.1 RECOMMENDATION FOR LEVEL 1 (PRINCIPLE A UNTIL PRINCIPLE E)**

The following are some recommendations to improve the performance of GCG practices that have not been fulfilled by the company in the ACGS 2020 assessment based on each assessment principle;

#### **PRINCIPLE A**

- ✓ **(A.3.8):** All members of the Board of Commissioners and company's CEO are expected to attend the Annual General Meeting of Shareholders.
- ✓ **(A.5.1):** The company is recommended to make a policy or implement all forms of engagement activities/practices with shareholders as an active step in encouraging them, including institutional shareholders, to attend the AGMS held by the company.

## **PRINCIPLE B**

- ✓ **(B.2.4):** To identify and disclose the identity or name of the external auditor who will be appointed to do the financial report audit for the current period. For the identity or name of the external auditor referred in this matter is the name of a person, not the name of Office of the External Auditor.
- ✓ **(B.3.2):** To make rules or policies regarding the reporting period (a maximum of 3 days) for company stock trading transactions conducted by the directors/commissioners and to put them in the Corporate Governance Guidelines or Board Charter. Thus, every changes in the company's shares ownership by members of the Board of Commissioners and Directors are possible to be delivered or submitted to the Corporate Secretary no later than 3 (three) working days since the transaction happened. Furthermore, the Corporate Secretary will process the report to OJK and IDX.
- ✓ **(B.4.4):** To review the RPT policy and to include regulation that set the loan bans or to ensure the permitted lending for members of the board of commissioners and directors of the company to be done in a reasonable transaction and at a reasonable interest rate/market interest rate.

## **PRINCIPLE C**

- ✓ **(C.3.3):** If possible, the company needs to disclose the types of compensation or reward that are long-term, for instance stock options for employees, career paths and performance-based remuneration system, etc.

## **PRINCIPLE D**

- ✓ **(D.1.1):** The company should disclose a beneficial ownership in the company's ownership structure.

- ✓ Indirect ownership disclosure, both by the main shareholder **(D.1.2)**, share ownership by directors and commissioners should be disclosed **(D.1.3 and D.1.4)**.
- ✓ **(D.2.7)**: To disclose remuneration for commissioners and directors individually, including short-term and long-term remuneration.
- ✓ **(D.3.1)**: The company is advised to disclose policy regarding the related party transactions that significant or material where it must be reviewed first and obtained approval, for instance by the audit committee or the board of commissioner.
- ✓ **(D.7.2)**: It is expected that the annual report is published no later than 4 months after the fiscal year ends.

## **PRINCIPLE E**

- ✓ **(E.2.5)**: To express and disclose the term limit for independent commissioner members, namely maximum of 9 years or 2 periods of each 5-year period in the Board Charter or other documents that are easily accessed by the public (for instance, annual report and company's website).
- ✓ **(E.2.9 & E.2.14)** The company is advised to make policy that regulates the composition of the number of the nominating & remuneration committee membership, where the majority members are independent commissioners.
- ✓ **(E.3.4)**: It is necessary to regulate a policy that requires the quorum terms of conditions in a decision-making meeting by the board of commissioners, namely a minimum of 2/3 members who must be present or attend.
- ✓ **(E.3.12)**: The company should disclose performance measurement for both short-term and long-term incentives.

- ✓ **(E.3.15):** To formulate the remuneration policy by setting measurable standards that can connect the performance of directors with the company's long-term interests, such as the existence of claw back provision, reward or deferred bonuses that use measurements, such as ROE, Cummulative Free Cash Flow, Operating Profit or others. In Indonesia, banking was already regulated in POJK 45/2015.
- ✓ **(E.4.2):** To submit a proposal regarding the position of the company's president commissioner that should be occupied by an independent commissioner or party and delivered at the AGMS at the end of the current board of commissioner's tenure, or in the future it can be considered regarding the policy that requires the position of company's president commissioner should be an independent commissioner.
- ✓ **(E.4.5):** If it is not yet possible for the position of the company's president commissioner to come from an independent party, then the company needs to appoint an independent commissioner to run and do the role as it is done by the company's president commissioner.
- ✓ **(E.5.4):** The performance assessment of the president director/chief executive (CEO) by the board of commissioners to be conducted annually and must be disclosed clearly/explicitly to the public (not just an assessment for the board of directors that is only done collegially).
- ✓ **(E.5.6):** The company is advised to conduct an annual performance assessment for each individual member of the board of commissioners (or disclose it if this practice is already existed) and disclose the process that happened during the performance assessment as well as the criteria used in the intended performance assessment.

#### 4.2.2 RECOMMENDATION FOR LEVEL 2 (BONUS ITEM & PENALTY)

To be able to increase the final score (weighted) on the performance of GCG practices in the future, aside from omitting bad practices that have an implication in reducing scores (due to the existence of penalty), the company also needs to pay special attention to obtain bonus points through GCG implementation according to the company's capabilities. The following is the GCG implementation that advised to achieve bonus points or that can reduce/omit the penalty points, other than the efforts to improve the assessment indicators that have been recommended in the level 1 assessment above:

- ✓ The company should be able to try to release Audited Financial Report to the public within a maximum period of 2 months (60 days) after the end of the fiscal year. **(Has 3 points score).**
- ✓ Please note that for information regarding the released date or time for the Audited Financial Report to the public must be clearly identified through information sources that can be easily accessed by the public (should be delivered in English). The information contained in the Annual Report or Financial Report regarding the legalization date of the Financial Report cannot be used as a determinant in assessing the company's level of compliance on the practices that are requested/required. Related to this matter, the company is advised to deliver independently to the public (through the website) the upload date or the date the Financial Report is informed (released) to the public through the website.
- ✓ The company can consider the appointment of women from independent party (independent commissioners) in the proposal to increase the number or changes in the composition of the commissioner's members in the company's Board of Commissioners membership as stated in the recommendation/action plan in E.2.4.

**(Has 2-3 points score, depends on the number of female independent commissioners in the company).**

- ✓ The use of 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 use of electronic voting has become relevant during the difficult times of the Covid-19 pandemic.
- ✓ 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).**

- ✓ To include this practice (undertake the process of identifying the quality of directors aligned with the company's strategic directions) in the job description or the duty and responsibility of the nominating/remuneration committee and to ensure its implementation. **(Has 2 points score).**

- ✓ The company has the ability to use Professional search firms not only to find candidates for directors, but also to find candidates for company's commissioners. **(Has 2 points score).**
- ✓ The company through the Board of Commissioners must be able to ensure that the governance process of IT problems is done properly, including those related to disruption, cyber security and disaster recovery to ensure that all major risks can be identified, managed and reported to the Board of Commissioners. **(Has 2 points score).**
- ✓ The company needs to ensure the attendance of all members of the board of directors and commissioners at the AGMS, especially the President Commissioner, President Director and the Chairman of the Audit Committee **(can reduce -2 (minus two) points score).**
- ✓ It is necessary to consider arranging policy regarding the prohibition of share options and performance shares, including bonuses (tantiem) from the company for the company's independent commissioners. Giving compensation in the form of bonus (tantiem) is a bad practice, because bonus (tantiem) is related to company's performance, namely the performance of directors. It is recommended that compensation to the board of commissioners, especially for independent commissioners, to not be given in the form of bonus or tantiem. **(Can reduce -2 (minus two) points score).**

Efforts that can be done by the company to increase GCG scores should start from things that are possible to be fixed in the short-term which do not really require fundamental changes to the company's rules or articles of association and a strategic decision is not needed to change that, such as always ensuring the disclosure of all information (in English version) regarding the compliance practices that the company has implemented to the

public. This effort is certainly different from several indicators or parameters that require more strategic decisions, where the fulfillment of compliance practices will require/demand greater commitment, especially from shareholders (the majority). Hence to improve the achievement of the company's GCG score through improvements in the implementation of compliance on the indicators or parameters, it will be more difficult (but not impossible) to be implemented in the near period of time.





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