

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



**PT SELAMAT SEMPURNA Tbk**

**Jakarta, 21 October 2021**

**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) 2021* 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 2020 and company's website.

The assessment result shows that the overall weighted score obtained by PT Selamat Sempurna Tbk was **89,25** points. The details of the weighted score for each Scorecard components are as follows:

- 1. Principle A – Rights of Shareholders: 9,05 points**
- 2. Principle B – Equitable Treatment of Shareholders: 8,46 points**
- 3. Principle C – Role of Stakeholders: 13,85 points**
- 4. Principle D – Disclosure and Transparency: 23,44 points**
- 5. Principle E – Board of the Commissioners Responsibilities: 34,46 points**

In the assessment of bonus and penalty component, PT Selamat Sempurna Tbk obtained 0 point.

Based on the final score of 89,25 points, the performance level of compliance of PT Selamat Sempurna Tbk is categorized in the **“Good”** or Level 3 (80-89,99), this means that the corporate governance implementation has carried out beyond compliance with the minimum requirements and has adopted some of the international standards required by ACGS.

Referring to the assessment result of 100 biggest market capitalization PLCs or BigCap100 and 100 middle market capitalization PLCs on ACGS 2020 assessment, the score of PT Selamat Sempurna Tbk is far above the MidCap100 average score (65,38) and BigCap100 (73,63).

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 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

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.

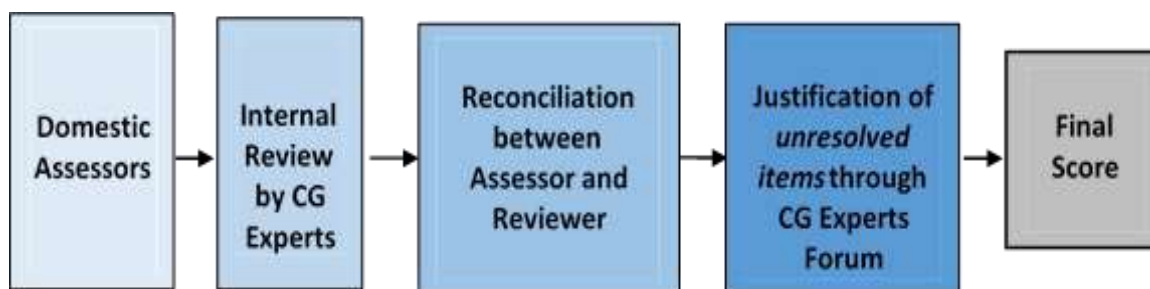
## **2.2. Assessment Technique**

Assessment Technique for this ASEAN CG Scorecard 2021 was based on information or documents that are available in public related to the corporate governance practices implemented by the company for fiscal year 2020. The source of informations and documents are as follows:

- Annual report 2020; audited financial report for fiscal year 2020;
- Notice to call of Annual General Meeting of Shareholders (AGMS) conducted in 2021 for company's performance in the fiscal year 2020;
- Notice to the result of AGMS for company's performance in the fiscal year 2020;
- 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 2020 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 2021**



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:

<b>Score (points)</b>	<b>CG Performance of the Company</b>	<b>Interpretation</b>
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 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 .

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 in the Big Cap 2020
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 general meetings for final dividends? In case the company has offered Scrip dividend, did the company paid the dividend within 60 days?	Yes	1	Yes: 54 companies No: 18 companies N/A (tidak bayar dividen): 28 companies

Based on the Minutes of AGMS that published on the stock exchange and company’s website, information was obtained that for the fiscal year that ends on December 31, 2020, the company issued a dividend payment announcement on June 18, 2021 and dividend payment on July 15, hence it is still within the timeframe required by ASEAN CG Scorecard.

## 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 (Rights to Participate in Decisions Concerning Fundamental Corporate Changes)</b>				
<b>No</b>	<b>Questions</b>	<b>"Yes" or "No" or "N/A" Answer</b>	<b>SCORE</b>	<b>Frequency Distribution of Answers for PLCs in the Big Cap 2020</b>
	Do shareholders have the right to participate in:			
<b>A.2.1</b>	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> )
<b>A.2.2</b>	The authorisation of additional shares?	Yes	1	
<b>A.2.3</b>	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 all of the assessment items 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 (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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</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	Yes: 81 companies No: 19 companies
<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?	No	0	Yes: 49 companies No: 51 companies
<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	Yes: 80 companies No: 20 companies
<b>A.3.7</b>	Does the company disclose the list of board members who attended the most recent AGM?	Yes	1	Yes: 79 companies No: 21 companies
<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?	Yes	1	Yes: 64 companies No: 36 companies
<b>A.3.9</b>	Does the company allow voting in absentia?	Yes	1	Default answer Yes

<b>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))</b>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Frequency Distribution of Answers for PLCs in the Big Cap 2020</b>
<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	Yes: 35 companies No: 65 companies
<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	Yes: 44 companies No: 56 companies
<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	Yes: 25 companies No: 75 companies
<b>A.3.13</b>	Does the company provide at least 21 days notice for all AGMs and EGMs?	Yes	1	Yes: 88 companies No: 12 companies
<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	Yes: 69 companies No: 31 companies
<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	Yes: 77 companies No: 23 companies
<b>TOTAL CG SCORE for Parameter A.3</b>			<b>14</b>	

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

- A.3.5 requests the company to record questions and answers that occur in each agenda of the company's AGMS. The assessment result shows that the company did not do this.

#### **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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</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 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, as well as including the engagement process of shareholders.

<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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</b>



<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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</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	Yes: 28 companies No: 72 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 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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</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	Yes: 21 companies No: 6 companies N/A (only has 1 type of share): 73 companies
<b>TOTAL CG SCORE for Parameter B.1</b>			<b>1</b>	

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:

<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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</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	Yes: 51 companies No: 49 companies
<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	Yes: 89 companies No: 11 companies
	<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	-	Yes: 40 companies No: 38 companies N/A : 22 companies
<b>B.2.4</b>	Are the auditors seeking appointment/re-appointment clearly identified?	No	0	Yes: 10 companies No: 90companies
<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>	

For item B.2.3, an N/A score was given due to the absence of the appointment of the board of commissioners or directors at the AGMS. The following is an explanation for the

assessment item that has not been carried out or complied with by the company (1 assessment item):

- B.2.4 requires disclosure of the identity of the external auditor, both new appointment and re-appointment. The assessment result shows that the company has not fulfilled the ACGS requirements.

### 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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</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?	Yes	1	Yes: 30 companies No: 69 companies
<b>TOTAL CG SCORE for Parameter B.3</b>			<b>2</b>	

The company has complied with all of the assessment item listed in the parameter B.3 above.

### 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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</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	Yes: 15 companies No: 85 companies
<b>TOTAL CG SCORE for Parameter B.4</b>			<b>3</b>	

Assessment item B.4.4 requests an explicit policy statement regarding the prohibition of loan from Directors and Commissioners or a policy that ensures that the loan is made at a due period and at a reasonable interest rate. Based on the assessment result, there was no disclosure of information indicating that the company (SMSM) had fulfilled or complied with the assessment indicators 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 indicators of the GCG practices on the company. The following is the assessment result of the questions;

<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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</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	Yes: 35 companies No: 65 companies
<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>	

From the two questions related to the protection of minority shareholders from abusive actions, the company has complied with all of the questions 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>
1	Shares Ownership and Voting Rights	1	1	100%
2	Notice of AGMS	3	4	75%
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	3	4	75%
5	Protecting Minority Shareholders from Abusive Action	2	2	100%
<b>TOTAL ITEMS THAT COMPLY WITH EQUITABLE TREATMENT OF SHAREHOLDERS</b>		<b>11</b>	<b>13</b>	<b>84,61%</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

The following are the assessment results of the 7 (seven) items as the assessment indicators. The following is the assessment result of the 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>Questions</b>	<b>"Yes" or "No" or "N/A" Answer</b>	<b>SCORE</b>	<b>Frequency Distribution of Answers for PLCs in the Big Cap 2020</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	Yes: 96 companies No: 4 companies
<b>C.1.2</b>	Supplier/contractor selection procedures?	Yes	1	Yes: 68 companies No: 32 companies

<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>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Frequency Distribution of Answers for PLCs in the Big Cap 2020</b>
<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	Yes: 97 companies No: 3 companies
<b>C.1.4</b>	The company's efforts to interact with the communities in which they operate?	Yes	1	Yes: 99 companies No: 1 companies
<b>C.1.5</b>	Describe the company's anti-corruption programmes and procedures?	Yes	1	Yes: 71 companies No: 29 companies
<b>C.1.6</b>	Describes how creditors' rights are safeguarded?	Yes	1	Yes: 99 companies No: 1 companies
<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	Yes: 99 companies No: 1 companies
<b>TOTAL CG SCORE for Parameter C.1</b>			<b>7</b>	

The assessment result shows that all questions on the elements of the rights of stakeholders, both regulated by law or through mutual agreement, have been fulfilled by the company.

## **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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</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	Yes: 89 companies No: 11 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:

<b>CG SCORE FOR PARAMETER C.3</b> <b>(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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</b>
<b>C.3.1</b>	Does the company explicitly disclose the health, safety, and welfare policy for its employees?	Yes	1	Yes: 90 companies No: 10 companies
<b>C.3.2</b>	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

<b>CG SCORE FOR PARAMETER C.3</b> <b>(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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</b>
<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	Yes: 17 companies No: 83 companies
<b>TOTAL CG SCORE for Parameter C.3</b>			<b>2</b>	

From 3 questions on parameter C.3. The company has not complied with 1 item, namely:

- C.3.3. The company does not own a long-term performance-based compensation policy, such as the company's share ownership program.

**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:

<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>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Frequency Distribution of Answers for PLCs in the Big Cap 2020</b>
<b>C.4.1</b>	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	Yes: 91 companies No: 9 companies

<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>				
<b>No</b>	<b>Questions</b>	<b>“Yes” or “No” or “N/A” Answer</b>	<b>SCORE</b>	<b>Frequency Distribution of Answers for PLCs in the Big Cap 2020</b>
<b>C.4.2</b>	Does the company have a policy or procedures to protect an employee/person who reveals illegal/unethical behavior from retaliation?	Yes	1	Yes: 85 companies No: 15 companies
<b>TOTAL CG SCORE for Parameter C.4</b>			<b>2</b>	

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**

<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>11</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'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.

<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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</b>
<b>D.1.1</b>	Does the information on shareholdings reveal the identity of beneficial owners, holding 5% shareholding or more?	Yes	1	Yes: 66 companies No: 34 companies
<b>D.1.2</b>	Does the company disclose the direct and indirect (deemed) shareholdings of major and/or substantial shareholders?	Yes	1	Yes: 77 companies No: 23 companies

<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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</b>
<b>D.1.3</b>	Does the company disclose the direct and indirect (deemed) shareholdings of directors (commissioners)?	Yes	1	Yes: 39 companies No: 61 companies
<b>D.1.4</b>	Does the company disclose the direct and indirect (deemed) shareholdings of senior management?	Yes	1	Yes: 39 companies No: 61 companies
<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	Yes: 96 companies No: 1 companies N/A: 3 companies
<b>TOTAL CG SCORE for Parameter D.1</b>			<b>5</b>	

The assessment result shows that the company has complied with all the requirements for transparency of share ownership 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:

<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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</b>
	<b>Does the company's annual report disclose the following items:</b>			
<b>D.2.1</b>	Corporate Objective	Yes	1	Yes: 95 companies No: 5 companies
<b>D.2.2</b>	Financial performance indicators	Yes	1	Yes: 100 companies No: 0 companies
<b>D.2.3</b>	Non-financial performance indicators	Yes	1	Yes: 92 companies No: 8 companies



<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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</b>
<b>D.2.4</b>	Dividend policy	Yes	1	Yes: 45 companies No: 55 companies
<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	Yes: 97 companies No: 3 companies
<b>D.2.6</b>	Attendance details of each director/commissioner in respect of meetings held	Yes	1	Yes: 95 companies No: 5 companies
<b>D.2.7</b>	Total remuneration of each member of the board of directors/commissioners	No	0	Yes: 7 companies No: 93 companies
<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	Yes: 81 companies No: 19 companies
<b>TOTAL CG SCORE for Parameter D.2</b>			<b>7</b>	

Based on the 8 (eight) assessment items above, there is 1 item that has not been complied with by the company which is;

- D.2.7, requests a disclosure of the amount of remuneration received by each member of the board of commissioners in the company's Annual Report or in the remuneration report 2020. 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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</b>
<b>D.3.1</b>	Does the company disclose its policy covering the review and approval of material/significant RPTs?	No	0	Yes: 25 companies No: 75 companies
<b>D.3.2</b>	Does the company disclose the name of the related party and relationship for each material/significant RPT?	Yes	1	Yes: 99 companies No: 1 companies
<b>TOTAL CG SCORE for Parameter D.3</b>			<b>1</b>	

The assessment result in this section indicates that the company has not complied with one of the items above, namely item D.3.1 which requires disclosure of policy that includes reviews and approvals regarding related parties. The assessment result shows that there was no policy found related to this matter.

#### **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. The following is the assessment result of the intended questions.

<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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</b>
<b>D.4.1</b>	Does the company disclose trading in the company's shares by insiders?	Yes	1	Yes: 28 companies No: 71 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:

<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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</b>
<b>D.5.1</b>	Are audit fees and non-audit fees disclosed?	Yes	1	Yes: 45 companies No: 55 companies
<b>D.5.2</b>	Does the non-audit fees exceed the audit fees?	No	1	Yes: 55 companies No: 43 companies N/A: 2 companies
<b>TOTAL CG SCORE for Parameter D.5</b>			<b>2</b>	

\*) 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.

The company has complied with all of the items in the D.5 parameter (External Auditor and Auditor Report).

## 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:

<b>CG SCORE FOR PARAMETER D.6 (Company's Media of Communication)</b>				
<b>No</b>	<b>Questions</b>	<b>"Yes" or "No" or "N/A" Answer</b>	<b>SCORE</b>	<b>Frequency Distribution of Answers for PLCs in the Big Cap 2020</b>

<b>CG SCORE FOR PARAMETER D.6 (Company's Media of Communication)</b>				
<b>No</b>	<b>Questions</b>	<b>"Yes" or "No" or "N/A" Answer</b>	<b>SCORE</b>	<b>Frequency Distribution of Answers for PLCs in the Big Cap 2020</b>
	<b>Does the company use the following modes of communication?</b>			
<b>D.6.1</b>	Quarterly reporting	Yes	1	Yes: 99 companies No: 1 companies
<b>D.6.2</b>	Company website	Yes	1	Yes: 99 companies No: 1 companies
<b>D.6.3</b>	Analyst's briefing	Yes	1	Yes: 61 companies No: 39 companies
<b>D.6.4</b>	Media briefings /press conferences	Yes	1	Yes: 78 companies No: 22 companies
<b>TOTAL CG SCORE for Parameter D.6</b>			<b>4</b>	

SMSM has fulfilled all of the indicators for governance practice that requested or required in the parameter 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:

<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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</b>
<b>D.7.1</b>	Are the audited annual financial report/statement released within 120 days from the financial year end?	Yes	1	Yes: 95 companies No: 5 companies
<b>D.7.2</b>	Is the annual report released within 120 days from the financial year end?	Yes	1	Yes: 93 companies No: 7 companies

<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	Yes: 100 companies No: 0 companies
<b>TOTAL CG SCORE for Parameter D.7</b>			<b>3</b>	

PT Selamat Sempurna Tbk has implemented/complied with the corporate governance practice that 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:

<b>CG SCORE FOR PARAMETER D.8 (Company's Website)</b>				
<b>No</b>	<b>Questions</b>	<b>"Yes" or "No" or "N/A" Answer</b>	<b>SCORE</b>	<b>Frequency Distribution of Answers for PLCs in the Big Cap 2020</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	Yes: 95 companies No: 5 companies
<b>D.8.2</b>	Materials provided in briefings to analysts and media	Yes	1	Yes: 65 companies No: 35 companies
<b>D.8.3</b>	Downloadable annual report	Yes	1	Yes: 97 companies No: 3 companies
<b>D.8.4</b>	Notice of AGM and/or EGM	Yes	1	Yes: 87 companies No: 13 companies
<b>D.8.5</b>	Minutes of AGM and/or EGM	Yes	1	Yes: 78 companies No: 22 companies
<b>D.8.6</b>	Company's constitution (company's by-laws, memorandum and articles of association)	Yes	1	Yes: 42 companies No: 58 companies
<b>TOTAL CG SCORE for Parameter D.8</b>			<b>6</b>	

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

## 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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</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	Yes: 92 companies No: 8 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**

<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>5</b>	<b>5</b>	<b>100%</b>
<b>2</b>	Quality of Annual Report	<b>7</b>	<b>8</b>	<b>87,50%</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>3</b>	<b>3</b>	<b>100%</b>
<b>8</b>	Company's Website	<b>6</b>	<b>6</b>	<b>50%</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>30</b>	<b>32</b>	<b>93,75%</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'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.

<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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</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	Yes: 53 companies No: 47 companies
<b>E.1.2</b>	Are the types of decisions requiring board of directors/commissioners' approval disclosed ?	Yes	1	Yes: 51 companies No: 49 companies
<b>E.1.3</b>	Are the roles and responsibilities of the board of directors/commissioners clearly stated ?	Yes	1	Yes: 97 companies No: 3 companies
	<b>Company's Vision and Mission</b>			
<b>E.1.4</b>	Does the company have an updated vision and mission statement?	No	0	Yes: 64 companies No: 36 companies

<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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</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	Yes: 97 companies No: 3 companies
<b>E.1.6</b>	Does the board of directors monitor/oversee the implementation of the corporate strategy?	Yes	1	Yes: 98 companies No: 2 companies
<b>TOTAL CG SCORE for Indicator E.1</b>			<b>5</b>	

Based on the assessment result, there was only 1 item that has not been fulfilled by the company, namely item E.1.4, where the company is requested to disclose the latest and updated vision & mission that has been approved by the board of commissioners or directors. The assessment result shows that SMSM only disclosed its vision & mission without any statement mentioning that it has been approved or reviewed by the board of commissioners or directors.

## **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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</b>
	<b>Code of Ethics or Code of Conduct:</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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</b>
<b>E.2.1</b>	Are the details of the code of ethics or conduct disclosed?	Yes	1	Yes: 92 companies No: 8 companies
<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	Yes: 86 companies No: 14 companies
<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	Yes: 85 companies No: 15 companies
	<b>Structure and Composition of the Board of Commissioners:</b>			
<b>E.2.4</b>	Do independent directors/commissioners make up at least 50% of the board of directors/commissioners?	Yes	1	Yes: 51 companies No: 49 companies
<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	Yes: 27 companies No: 73 companies
<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	Yes: 2 companies No: 98 companies
	<b>Nominating Committee:</b>			
<b>E.2.8</b>	Does the company have a Nominating Committee (NC)?	Yes	1	Yes: 79 companies No: 21 companies
<b>E.2.9</b>	Does the Nominating Committee comprise of a majority of independent directors/commissioners?	No	0	Yes: 22 companies No: 57 companies N/A :21 companies
<b>E.2.10</b>	Is the chairman of the Nominating Committee an independent director/commissioner?	Yes	1	Yes: 77 companies No: 2 companies N/A :21 companies

<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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</b>
<b>E.2.11</b>	Does the company disclose the terms of reference/ governance structure/charter of the Nominating Committee?	Yes	1	Yes: 78 companies No: 1 companies N/A :21 companies
<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	Yes: 73 companies No: 6 companies N/A :21 companies
	<b>Remuneration Committee/Compensation Committee:</b>			
<b>E.2.13</b>	Does the company have a Remuneration Committee?	Yes	1	Yes: 81 companies No: 19 companies
<b>E.2.14</b>	Does the Remuneration Committee comprise of a majority of independent directors/commissioners?	No	0	Yes: 24 companies No: 57 companies N/A :19 companies
<b>E.2.15</b>	Is the chairman of the Remuneration Committee an independent director/commissioner?	Yes	1	Yes: 79 companies No: 2 companies N/A :19 companies
<b>E.2.16</b>	Does the company disclose the terms of reference/ governance structure/ charter of the Remuneration Committee?	Yes	1	Yes: 80 companies No: 1 companies N/A :19 companies
<b>E.2.17</b>	Is the attendance of members at Remuneration Committee meetings disclosed?	Yes	1	Yes: 73 companies No: 8 companies N/A :19 companies
	<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	Yes: 100 companies No: 0 companies

<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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</b>
<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	Yes: 91 companies No: 9 companies
<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	Yes: 91 companies No: 9 companies
<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	Yes: 17 companies No: 83 companies
<b>TOTAL CG SCORE for Indicator E.2</b>			<b>21</b>	

\*) 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 the presence of a majority of commissioners or independent parties in the company's nominating committee membership. Because the number of commissioner or independent party is only 1 out of 3 people (33%) from the total number of the nominating committee members, then the company has not fulfilled the majority requirements (more than 50%) for members of the nominating committee who come from independent parties or commissioners.

### 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:

<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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</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	Yes: 42 companies No: 58 companies
<b>E.3.2</b>	Does the board of directors/commissioners meet at least six times per year?	Yes	1	Yes: 91 companies No: 9 companies
<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	Yes: 74 companies No: 26 companies
<b>E.3.4</b>	Does the company require a minimum quorum of at least 2/3 for board decisions?	No	0	Yes: 21 companies No: 79 companies
<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	Yes: 98 companies No: 2 companies
	<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	Yes: 33 companies No: 67 companies
<b>E.3.7</b>	Does the company secretary play a significant role in supporting the board in discharging its responsibilities?	Yes	1	Yes: 99 companies No: 1 companies
<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	Yes: 92 companies No: 8 companies

<b>CG SCORE FOR INDICATOR E.3 (Board of Commissioners Process)</b>				
	<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	Yes: 49 companies No: 51 companies
<b>E.3.10</b>	Does the company disclose the process followed in appointing new directors/commissioners?	Yes	1	Yes: 39 companies No: 61 companies
<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	Yes: 77 companies No: 23 companies
	<b>Remuneration Matters:</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	Yes: 14 companies No: 86 companies
<b>E.3.13</b>	Is there disclosure of the fee structure for non-executive directors/commissioners?	Yes	1	Yes: 43 companies No: 57 companies
<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	Default Answer
<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	Yes: 8 companies No: 92 companies
	<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	Yes: 99 companies No: 1 companies

<b>CG SCORE FOR INDICATOR E.3 (Board of Commissioners Process)</b>				
<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	Yes: 96 companies No: 4 companies
<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	Yes: 62 companies No: 38 companies
<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	Yes: 98 companies No: 2 companies
<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	Yes: 35 companies No: 65 companies
<b>TOTAL CG SCORE for Indicator E.3</b>			<b>19</b>	

The following is an explanation for the items that have not been implemented or complied with by the company (3 assessment items):

- E.3.4 requires a 2/3 quorum for decision-making in the board of commissioners meeting. Meanwhile, assessment result shows that SMSM did not mention the quorum limit in the board of commissioners meeting.
- E.3.12 requires the company to disclose the remuneration policy for members of the board of directors which covers three things namely short-term incentives, long-term incentives, and incentives based on company's performance measures. The



assessment result shows that the company only disclosed policy related to short-term incentives, while remuneration policy related to long-term incentives and the incentives based on company's performance measures have not been fulfilled by the company.

- E.3.15 requires the company to own measurement standard that align performance-based remuneration for directors and other senior managers with the company's long-term interests (company's long-term performance), including clawback provision (partial or full return of bonus received) and deferred bonus payments. The assessment result indicates that the company did not own the intended performance measurement standard and provision.

#### 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:

<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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</b>
	<b>Company's 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	Yes: 18 companies No: 82 companies
<b>E.4.3</b>	Is any of the directors a former CEO of the company in the past 2 years?	No	1	Yes: 3 companies No: 97 companies

<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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</b>
<b>E.4.4</b>	Are the role and responsibilities of the chairman disclosed?	Yes	1	Yes: 31 companies No: 69 companies
	<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	Yes: 2 companies No: 81 companies N/A : 17 companies
	<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	Yes: 96 companies No: 4 companies
<b>TOTAL CG SCORE for Indicator E.4</b>			<b>4</b>	

\*) 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.

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 to come from an independent group. Based on the assessment result, the chairman of the board of commissioners of PT Selamat Sempurna Tbk, is not from an independent group hence the company has not been able to obtain points in this item.
- E.4.5 requests that if the chairman of the board of commissioners is not from an independent group, then at the meeting of the board of commissioners, the chairman of the board of commissioners needs to appoint an independent commissioner as the leader of the meeting. The assessment result did not find any disclosure regarding this mechanism.

## 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:

<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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</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	Yes: 51 companies No: 49 companies
<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	Yes: 62 companies No: 38 companies
	<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?	Yes	1	Yes: 40 companies No: 60 companies
<b>E.5.4</b>	Does the board of directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President?	Yes	1	Yes: 43 companies No: 57 companies
	<b>Performance Assessment of the Board of Commissioners:</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	Yes: 54 companies No: 46 companies
<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?	Yes	1	Yes: 13 companies No: 87 companies

<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>Frequency Distribution of Answers for PLCs in the Big Cap 2020</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	Yes: 32 companies No: 68 companies
<b>TOTAL CG SCORE for Indicator E.5</b>			<b>7</b>	

The assessment result shows that the company has complied with all the requirements of indicator 5 as requested by ACGS.

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>5</b>	<b>6</b>	<b>83,33%</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>7</b>	<b>7</b>	<b>100%</b>
<b>TOTAL ITEMS THAT COMPLY WITH THE RESPONSIBILITY OF THE BOARDS PRINCIPLE</b>		<b>56</b>	<b>65</b>	<b>86,15%</b>

**SUMMARY OF PT SELAMAT SEMPURNA TBK'S PERFORMANCE ASSESSMENT RESULT 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 Weights</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>11</b>	<b>10</b>	<b>8,46</b>
<b>C</b>	<b>13</b>	<b>12</b>	<b>15</b>	<b>13,84</b>
<b>D</b>	<b>32</b>	<b>30</b>	<b>25</b>	<b>23,44</b>
<b>E</b>	<b>65</b>	<b>56</b>	<b>40</b>	<b>34,46</b>
<b>Level 1 Score</b>	<b>144</b>	<b>128</b>	<b>100</b>	<b>89,25</b>

The total score of PT Selamat Sempurna Tbk for level 1 in ACGS 2021 has reached **89,25** points. The achievement of the company's GCG score is far above the average score obtained by public companies (PLCs) which are included in the 100 biggest market capitalization PLCs (Big Cap) that only reached 73,63 points, when compared to the previous year's score (2020). PT Selamat Sempurna Tbk's level 1 score increased by 6.07 points compared to the level 1 score in 2020 (83.18 points).

### 3.6 BONUS AND PENALTY

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

PT Selamat Sempurna Tbk (SMSM) obtained bonus for the following assessment item:

- ✓ (B) C.1.1 : 2 points. The company 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**

PT Selamat Sempurna Tbk received penalties for the following assessment item;

- ✓ (P) E.2.1: **-2 points**. The penalty was imposed due to an independent commissioner who has served more than 10 years, Mr. Handi has served as an independent commissioner since 2000. Independent commissioners who have served more than 10 years are feared to be no longer independent.

**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)**

<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>1</b>	<b>2</b>
<b>PENALTY</b>	<b>25</b>	<b>1</b>	<b>-2</b>
<b>Level 2 Score</b>			<b>0</b>

The achievement result of Total CG Score obtained by the company for the level 2 assessment, based on ACGS 2021 is **0 (Zero)** point. This score is below the average score obtained by public companies (PLCs) that are included in the 100 biggest market capitalization PLCs (Big Cap) for ACGS 2020, whose score reached 0,42 points. However, it is above the score of PLCs that are included in the 100 middle market capitalization PLCs (Mid Cap) whose score reached -1,19 points, when compared to PT Selamat Sempurna's score last year, there was a significant increase by 4 points.



## 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 2021, 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 84,62 x 10%	8,46
3.	Role of Stakeholders 92,31 x 15%	13,85
4.	Disclosure & Transparency 93,75 x 25%	23,44
5.	Responsibility of the Board of Commissioners 86,15 x 40%	34,46
6.	Bonus	2
7.	Penalty	-2
<b>Total Weighted Score</b>		<b>89,25</b>

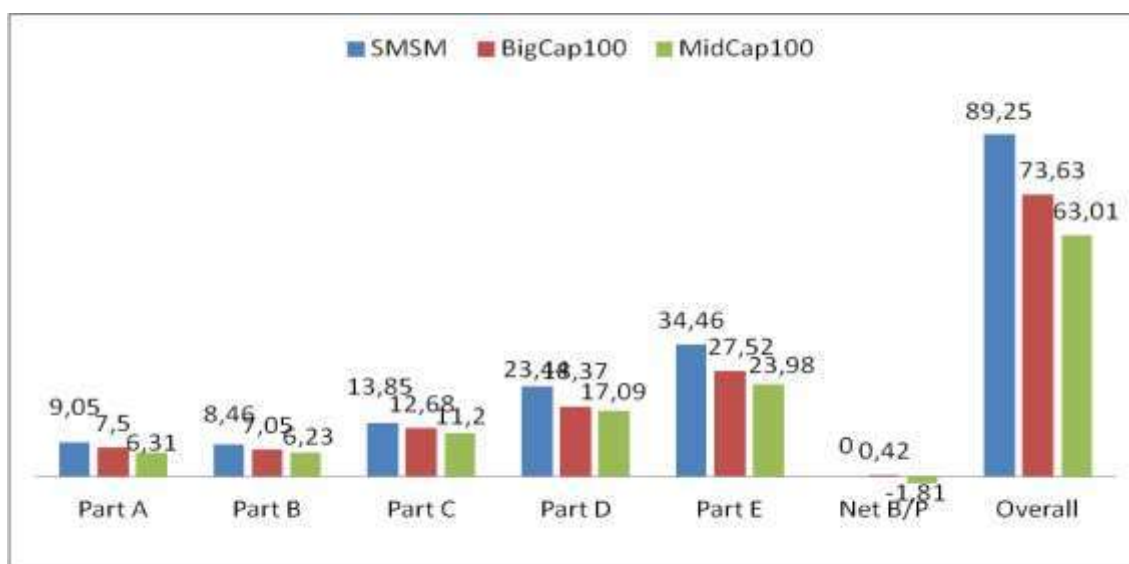
The total CG Score (overall score) of GCG practices obtained by the company for 2021 is **89,25 points**. Overall, the assessment result of the GCG implementation of PT Selamat Sempurna Tbk received “**Good**” category or Level 3 (80-89,99), this means that the corporate governance implementation has carried out beyond compliance with the minimum requirements and has adopted some of the international standards required by 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 90,48 percent, Part B (the principle of equal treatment of shareholders) has reached 84,62 percent, Part C (the principle of roles of stakeholders) has reached 92,31 percent, Part D (the principle of disclosure and transparency) has reached 93,75 percent, , and Part E (the principle of responsibility of the boards) has reached 86,15 percent.

**4.1.1 Performance Comparison of PT Selamat Sempurna Tbk’s Compliance Level with 100 Big Cap PLCs (Based on the biggest market cap) dan 100 Mid Cap PLCs (Based on the middle market cap)**

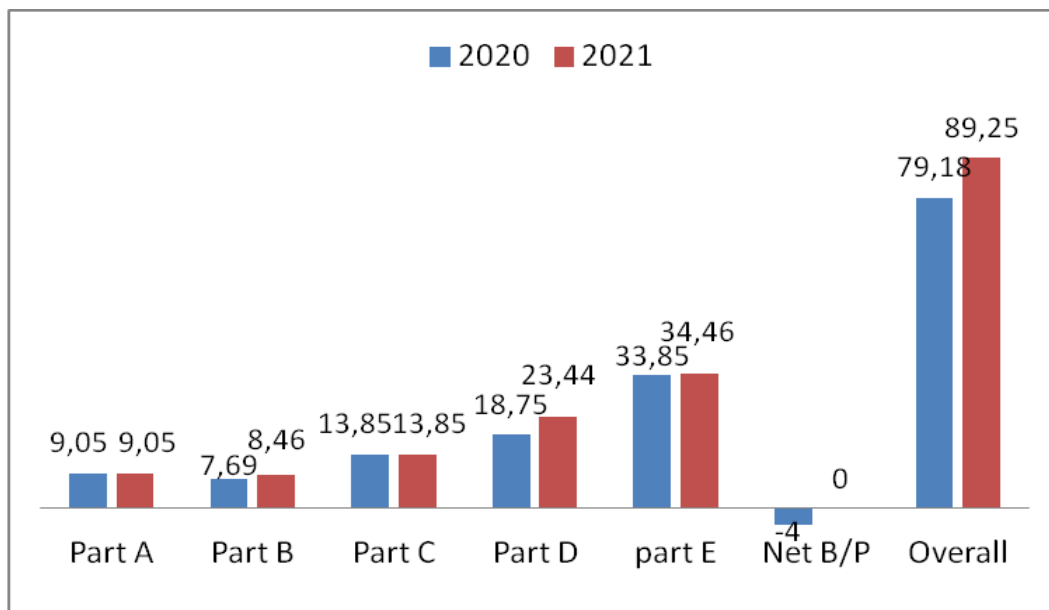
The following graph presents a comparison of the CG Score of PT Selamat Sempurna Tbk with the average score of Bigcap 100 & MidCap 100

GCG Score of SMSM and Overall Score of Big Cap100 & Mid Cap 100



The graph above shows that overall, on average, PT Selamat Sempurna Tbk’s ACGS score is far above the overall average score of BigCap100 and MidCap100. The score for each section (Part A to E) is also above the BigCap100 and MidCap 100 average scores.

### 4.1.2 Performance Comparison of PT Selamat Sempurna Tbk's Weighted Compliance Level Year 2020 and Year 2021



The graph above shows that there is a significant increase in the overall average score, from 79.18 points in 2020 to 89.25 points in 2021. This significant increase was due to the company's success in avoiding penalty points. However, it should also be noted that there was an increase in scores in Parts B, D, and 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. The following is the recommendations to achieve 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 2021 assessment based on each assessment principle;

###### PRINCIPLE A

- ✓ **(A.3.5):** The company is expected to record every questions and answers given in detail, not just mentioning the number of questions that asked.
- ✓ **(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

In principle B (Rights of the Shareholders) one of the main sources of information comes from the AGMS invitation and ASEAN CG, all sources of information must use English therefore, the company is expected to provide the AGMS invitation in English version.

- ✓ **(B.2.4):** The company is expected to disclose the identity of the external auditor or the name of the auditor (not the Office of External Auditor) who will be appointed or re-appointed.

- ✓ **(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 types of compensation or rewards that are more long-term, such as stock options for employees, career paths and remuneration systems based on performance, etc.

#### **PRINCIPLE D**

- ✓ **(D.2.7):** Disclosure in the Annual Report regarding the total amount of remuneration received by each member of the company's commissioners. The requested disclosure must include the name of the related commissioner as well as the amount of remuneration received. 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.1.4):** Disclosure of the company's vision should explicitly state that it is a current vision (updated vision).
- ✓ **(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):** Adding an independent party or replacing a non-independent member with an independent member in the composition of the company's Nominating/Remuneration Committee, therefore the number of members from independent parties becomes larger than those who are not independent.
- ✓ **(E.3.4):** It is necessary to arrange a policy that requires quorum requirement in the decision-making meeting by the board of commissioners, namely a minimum of 2/3 members who must attend (replacing the current quorum requirement which is only more than 1/2 the number of commissioners who present). This 2/3 quorum requirement is important to show the commitment of the board of commissioners.
- ✓ **(E.3.12):** The company is advised to disclose the remuneration policy for directors, including the president director. The related remuneration policy includes all types of allowances, not limited to short-term incentives, but also long-term incentives as well as incentives based on company's performance. Thus, the remuneration policy/practice of members of the board of directors should at least covers the basic salary, incentives or bonuses paid in the short term (annual bonus) and long term (in the form of deferred stock). Performance measurements as a basis for determining bonuses (short and long term), such as operating margin, free cash flow, or ROE, etc., should be disclosed.
- ✓ **(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, Cumulative 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 party or commissioner and submitted to the AGMS at the end of the current term of office of the board of commissioners, or in the future it can be considered regarding the existence of a policy that requires the position of the company's president commissioner should be an independent commissioner.
- ✓ **(E.4.5):** If it is not possible for the position of the company's president commissioner to come from an independent party, then the company should appoint an independent commissioner to carry out the role as performed by the company's president commissioner.

#### **4.2.2 RECOMMENDATION LEVEL 2 (BONUS & 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:

- ✓ AGMS invitation should be made at least 28 days before the AGMS being held. **(Has 2 points score).**

- ✓ The company should be able to try to release Financial Report (audited) 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 information regarding the release date or time of the Financial Report to the public (Audited) must be clearly identified through sources of information that can be easily accessed by the public (in English). The information contained in the Annual Report or Financial Report regarding the validation date of the Financial Report cannot be used as a basis to assess the company's compliance level with the requested/required practices. In relation to this matter, the company is advised to independently submit to the public (can be through website) the uploading date or the date when the Financial Report is informed (released) to the public via website.
- ✓ The company may consider the appointment of women from independent parties (independent commissioners) in the proposal to increase the number or change the composition of Board of Commissioner membership in the company as it is explained in the recommendation/action plan E.2.4. **(Has of 2-3 points score, depends on the number of independent female commissioners in the company)**.
- ✓ 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 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 is advised to own a risk monitoring committee under the board of commissioners. **(Has 2 points score).**

- ✓ The Board should explain the governance process around information technology issues, including the company through the Board of Commissioners must be able to ensure that the governance process for IT issues is carried out properly, including those related to disruption, cyber security and disaster recovery to ensure that all main risks are identified, managed, and reported to the Board of Commissioners. **(Has 2 points score).**

- ✓ The company should develop a policy of limiting the term of office of independent commissioners to a maximum of 10 years if the appointment is for five years on each period or a maximum of nine years if the appointment is for three years on each period and it cannot be extended again after that term of office **(Avoiding 2 points of penalties).**



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