

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 .

CG SCORE FOR PARAMETER A.1 (Basic Rights Of Shareholders)				
No	Question	"Yes" or "No" or "N/A" Answer	SCORE	Compliance Status (comply or not comply)
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	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.

CG SCORE FOR PARAMETER A.2 (Rights to Participate in Decisions Concerning Fundamental Corporate Changes)				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Compliance Status (comply or not comply)
	Do shareholders have the right to participate in:			
A.2.1	Amendments to the company's constitution?	Yes	1	All Indonesian companies comply with these items as it is regulated by Indonesian Law (i.e., Default answer Yes)
A.2.2	The 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	
TOTAL CG SCORE for Parameter A.2			3	

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:

CG SCORE FOR PARAMETER A.3 (Right To Participate Effectively In and To Vote In General Shareholder Meetings and Should Be Informed Of The Rules That Govern General Shareholder Meetings (Including Voting Procedures))				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Compliance Status (comply or not comply)

CG SCORE FOR PARAMETER A.3 (Right To Participate Effectively In and To Vote In General Shareholder Meetings and Should Be Informed Of The Rules That Govern General Shareholder Meetings (Including Voting Procedures))				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Compliance Status (comply or not comply)
A.3.1	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
A.3.2	Does the company provide non-controlling shareholders a right to nominate candidates for board of directors/commissioners?	Yes	1	Default answer Yes
A.3.3	Does the company allow shareholders to elect directors/commissioners individually?	Yes	1	Default answer Yes
A.3.4	Does the company disclose the voting procedures used before the start of meeting?	Yes	1	Comply
A.3.5	Do the minutes of the most recent AGM record that the shareholders were given the opportunity to ask questions and the questions raised by shareholders and answers given recorded?	Yes	1	Comply
A.3.6	Does the company disclose the voting results including approving, dissenting, and abstaining votes for all resolutions/each agenda item for the most recent AGM?	Yes	1	Comply
A.3.7	Does the company disclose the list of board members who attended the most recent AGM?	Yes	1	Comply
A.3.8	Does the company disclose that all board members and the CEO (if he is not a board member) attended the most recent AGM?	No	0	Not Comply
A.3.9	Does the company allow voting in absentia?	Yes	1	Default answer Yes
A.3.10	Did the company vote by poll (as opposed to by show of hands) for all resolutions at the most recent AGM?	Yes	1	Comply

CG SCORE FOR PARAMETER A.3 (Right To Participate Effectively In and To Vote In General Shareholder Meetings and Should Be Informed Of The Rules That Govern General Shareholder Meetings (Including Voting Procedures))				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Compliance Status (comply or not comply)
A.3.11	Does the company disclose that it has appointed an independent party (scrutineers/inspectors) to count and/or validate the votes at the AGM?	Yes	1	Comply
A.3.12	Does the company make publicly available by the next working day the result of the votes taken during the most recent AGM/EGM for all resolutions?	Yes	1	Comply
A.3.13	Does the company provide at least 21 days notice for all AGMs and EGMs?	Yes	1	Comply
A.3.14	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
A.3.15	Does the company give the opportunity for shareholder to place <i>item/s</i> on the agenda of AGM?	Yes	1	Comply
TOTAL CG SCORE for Parameter A.3			14	

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.

CG SCORE FOR PARAMETER A.4 (Markets for corporate control should be allowed to function in an efficient and transparent manner)				
No	Question	"Yes" or "No" or "N/A" Answer	SCORE	Compliance Status (comply or not comply)
A.4.1	In cases of mergers, acquisitions and/or takeovers, does the board of directors/commissioners of the offeree company appoint an independent party to evaluate the fairness of the transaction price?	Yes	1	Default answer Yes

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.

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

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