



**Indonesian
Institute for
Corporate Directorship**

RESEARCH REPORT
of
ASEAN CORPORATE GOVERNANCE SCORECARD
on
PT PETROSEA TBK



JAKARTA 27 OCTOBER 2023

Internalizing Best Practices of Good Corporate Governance and Directorship

EXECUTIVE SUMMARY

This report aims to deliver the IICD assessment results on the Corporate Governance (CG) practices of PT Petrosea Tbk (PTRO) based on ASEAN CG Scorecard (ACGS). The assessment conducted was based on public information, especially on Annual Report 2022 and company's website.

The assessment result shows that the overall weighted score obtained by PT Petrosea Tbk is **85.65** points. The details of the weighted score for each Scorecard components are as follows:

- 1. Principle A – Rights of Shareholders: 9.52.**
- 2. Principle B – Equitable Treatment of Shareholders: 7.86.**
- 3. Principle C – Role of Stakeholders: 13.85.**
- 4. Principle D – Disclosure and Transparency: 22.58.**
- 5. Principle E – Board of the Commissioners Responsibilities: 33.85.**

In the assessment component of bonus and penalty, PT Petrosea Tbk obtained 2 bonus points and **minus 4** penalty points on CG practices carried out during fiscal year 2022. Based on the final score of 85.65 points, the compliance level performance of PT Petrosea Tbk is still categorized in the **“Good”** title or Level 3 (80.00-89.99), which means the GCG practices carried out by the company has adopted some of the international standards.

In general, the achievement of PT Petrosea Tbk's governance performance in this ACGS 2023 has experienced an improvement compared to the achievement of governance performance in the previous period (ACGS 2022), although this improvement is still not significant enough to be able to increase PTRO's governance performance title. The increase in the total score achieved by the company was mainly due to improvements in

governance practices contained in the Level 1 assessment in the Responsibilities of the Board Principle (Responsibilities of the Board of Commissioners).

Referring to the assessment result in ACGS 2023 as a comparison, the total score obtained by the company is still above the average score for public companies that listed the Big Cap category (100 biggest market capitalization PLCs on the stock exchange) whose score reached 81.14.

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 AND PENALTY

3.7 PERFORMANCE COMPARISON OF PT PETROSEA TBK'S CORPORATE GOVERNANCE PRACTICES (GCG) WITH 100 BIG CAP PLCS

3.8 PROGRESS OF CORPORATE GOVERNANCE PRACTICE

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.

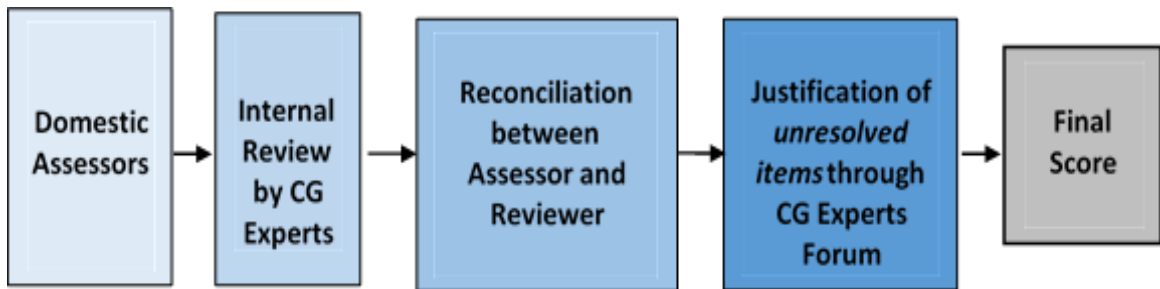
2.2 Assessment Technique

Assessment Technique for this ASEAN CG Scorecard 2023 was based on information or documents that are available in public related to the corporate governance practices implemented by the company for fiscal year 2022. The source of informations and documents are as follows:

- Annual report 2022; audited financial report for fiscal year 2022;
- Notice to call of Annual General Meeting of Shareholders (AGMS) conducted in 2023 for company's performance in the fiscal year 2022;
- Notice to the result of AGMS for company's performance in the fiscal year 2022;
- 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 2023 and ASEAN CG Scorecard in the previous periods 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 ACGS 2023



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

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

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

CHAPTER 3
ASSESSMENT RESULT OF GCG PRACTICES
ON
PT PETROSEA TBK

3.1 PRINCIPLE A: RIGHTS OF SHAREHOLDERS

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

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

A.1 Basic Rights of Shareholders

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

The following is the assessment result on the performance of GCG practices of PT Petrosea Tbk. As a comparison, the results for 100 biggest market capitalization PLCs are also presented (based on the ASEAN CG Scorecard 2023).

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 Public Listed Companies (PLCs)
A.1.1	Does the company pay (interim and final/annual) dividends in an equitable and timely manner; that is, all shareholders are treated equally and paid within 30 days after being (i) declared for interim dividends and (ii) approved by shareholders at annual general meeting (AGM) for final dividends?	Yes	1	Yes: 70 companies No: 14 companies N/A (did not pay the dividends): 16 companies

Based on the Minutes of AGMS that published on the stock exchange, information was obtained that for the fiscal year that ends on December 31 2022, the company did the final dividend payment on 31/5/2023 after the company announced to the public on 17/5/2023. Thus, the maximum period of 30 days is still fulfilled.

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

This parameter consists of three assessment items. First, the granting of rights or opportunities for shareholders to be involved in amendments to company AD/ART is regulated in Corporate Law No. 40, 2007 concerning Limited Liability Companies (Chapter 19 verse 1 and 2). Second, the authorization of additional shares is regulated in Corporate Law No. 40, 2007 concerning Limited Liability Companies (Chapter 41 verse 1) and all companies incorporated as PT are required to comply with this provision. Third, providing opportunities for shareholders to participate in the transfer of all or substantially all assets

that have an impact on the sale of the company is also regulated in Corporate Law No. 40, 2007 concerning Limited Liability Companies (Chapter 89 verse 1).

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

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

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

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

CG SCORE FOR PARAMETER A.3 (Right To Participate Effectively In and To Vote In General Shareholder Meetings and Should Be Informed Of The Rules That Govern General Shareholder Meetings (Including Voting Procedures))				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)

CG SCORE FOR PARAMETER A.3 (Right To Participate Effectively In and To Vote In General Shareholder Meetings and Should Be Informed Of The Rules That Govern General Shareholder Meetings (Including Voting Procedures))				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
A.3.1	Do shareholders have the opportunity, evidenced by an agenda items, to approve remuneration (fees, allowances, benefit-in-kind and other emoluments) or any increases in remuneration for the non-executive directors/commissioners?	Yes	1	Default answer Yes
A.3.2	Does the company provide non-controlling shareholders a right to nominate candidates for board of directors/commissioners?	Yes	1	Default answer Yes
A.3.3	Does the company allow shareholders to elect directors/commissioners individually?	Yes	1	Default answer Yes
A.3.4	Does the company disclose the voting procedures used before the start of meeting?	Yes	1	Yes: 87 companies No: 13 companies
A.3.5	Do the minutes of the most recent AGM record that the shareholders were given the opportunity to ask questions and the questions raised by shareholders and answers given recorded?	Yes	1	Yes: 53 companies No: 47 companies
A.3.6	Does the company disclose the voting results including approving, dissenting, and abstaining votes for all resolutions/each agenda item for the most recent AGM?	Yes	1	Yes: 87 companies No: 13 companies
A.3.7	Does the company disclose the list of board members who attended the most recent AGM?	Yes	1	Yes: 89 companies No: 11 companies
A.3.8	Does the company disclose that all board members and the CEO (if he is not a board member) attended the most recent AGM?	Yes	1	Yes: 64 companies No: 36 companies
A.3.9	Does the company allow for 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	Yes: 75 companies No: 25 companies

CG SCORE FOR PARAMETER A.3 (Right To Participate Effectively In and To Vote In General Shareholder Meetings and Should Be Informed Of The Rules That Govern General Shareholder Meetings (Including Voting Procedures))				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
A.3.11	Does the company disclose that it has appointed an independent party (scrutineers/inspectors) to count and/or validate the votes at the AGM?	Yes	1	Yes: 63 companies No: 37 companies
A.3.12	Does the company make publicly available by the next working day the result of the votes taken during the most recent AGM/EGM for all resolutions?	No	0	Yes: 44 companies No: 56 companies
A.3.13	Do companies provide at least 21 days notice for all AGMs and EGMs?	Yes	1	Yes: 94 companies No: 6 companies
A.3.14	Does the company provide the rationale and explanation for each agenda which require shareholders’ approval in the notice of AGM/circulars and/or the accompanying statement?	Yes	1	Yes: 83 companies No: 17 companies
A.3.15	Does the company give the opportunity for shareholder to place item/s on the agenda of AGM	Yes	1	Yes: 100 companies No: 0 companies
TOTAL CG SCORE for Parameter A.3			14	

Based on the 15 assessment indicators above, the company has not complied with the governance practices requested or required only in item A.3.12 which requires that the publication of the AGMS results should be within 1 working day after the AGMS is held. The company did not fulfill the indicator in this principle because the disclosure is counted within 2 (two) working days. The AGMS was held on 15/5/2023 (Monday) and the results were announced on 17/5/2023 (Wednesday).

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

This parameter refers to the appointment of an independent party by the board of commissioners to evaluate the fairness of the transaction price in regard of mergers and acquisitions. This item is a default item (Bapepam LK IX.G.1). There is 1 (one) assessment item on A.4 as follows.

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

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

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

CG SCORE FOR PARAMETER A.5 (The Exercise of Ownership Rights by All Shareholders, Including Institutional Investors Should Be Facilitated)				
No	Question	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)

CG SCORE FOR PARAMETER A.5 (The Exercise of Ownership Rights by All Shareholders, Including Institutional Investors Should Be Facilitated)				
No	Question	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
A.5.1	Does the company publicly disclose policy/practice to encourage shareholders including institutional shareholders to attend the general meetings or engagement with the company?	No	0	Yes: 42 companies No: 58 companies

Shareholders, especially institutional shareholders, should own fiduciary obligation which can directly monitor the director of the company. One form of shareholder activity is to attend and vote at AGMS. International standards of corporate governance or CG code requires that company should encourage shareholders, especially institutional shareholders, to be present at AGMS and in other forms of shareholder engagement. The corporate governance assessment result shows that the company 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	1	1	100%
TOTAL ITEMS THAT COMPLY WITH PRINCIPLE OF RIGHTS OF SHAREHOLDERS		20	21	95.24%

Based on the assessment result of the performance of corporate governance practices for principle A (Rights of Shareholders), the total number of assessment items that have been complied/fulfilled by the company for Principle A (Rights of Shareholders) is 20 out of 21 items or similar to the company's performance achievement in the previous period where there is **still 1 (one) more assessment item** that the company still cannot fulfill in fiscal year 2022, which is assessment item A.3.12 in the third key parameter regarding the publication time of the AGMS results which requires 1 working day after the AGMS is held.

When compared with the assessment result of the company's compliance level in the previous period (ASEAN CG Scorecard 2022), there was an increase in performance achievement by **5.24%** (from 95% to 95.24%) or an increase in CG Score in Principle A by **0.02 points** (from 9.5 to 9.52 points). This increase was more due to the practice of distributing dividends to shareholders for the performance in fiscal year 2022, which the company did not carry out in fiscal year 2022 or in the previous assessment period (ACGS 2022), thus affecting the difference in the number of governance indicators assessed for Principle A between ACGS 2023 and ACGS 2022 (the previous period), even though the compliance level performance has not improved.



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 of GCG practice on PTRO. The following is the assessment result to these questions;

CG SCORE FOR PARAMETER B.1 (Share Ownership and Voting Rights)				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
B.1.1	Do the company's ordinary or common shares have one vote for one share?	Yes	1	Default Answer Yes
B.1.2	Where the company has more than one class of shares, does the company publicise the voting rights attached to each class of shares (e.g. through the company website / reports/ the stock exchange/ the regulator's website)?	N/A	-	Yes: 18 companies No: 4 companies N/A: 78 companies (only for the company who has 1 type of share)
TOTAL CG SCORE for Parameter B.1			1	

PT Petrosea Tbk (PTRO) has complied/implemented the two assessment items above. The N/A answer for the assessment item B.1.2 is given because the company only has 1 (one) type of share. The N/A answer means that the question or practice is irrelevant for the assessment, hence the practice is considered still being complied, even though the result does not affect or contribute to the achievement of the final score on Level 1 assessment.

B.2 Notice of AGMS

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

CG SCORE FOR PARAMETER B.2 (Notice of AGMS)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distributin of Answers for PLCs
B.2.1	Does each resolution in the most recent AGM deal with only one item, i.e., there is no bundling of several items into the same resolution?	Yes	1	Yes: 55 companies No: 45 companies
B.2.2	Are the company's notice of the most recent AGM/circulars fully translated into English and published on the same date as the local-language version?	Yes	1	Yes: 94 companies No: 6 companies
	Does the notice of AGM/circulars have the following details:			
B.2.3	Are the profiles of directors/commissioners (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) in seeking election/re-election included?	No	0	Yes: 36 companies No: 27 companies N/A: 37 companies
B.2.4	Are the auditors seeking appointment/re-appointment clearly identified?	No	0	Yes: 19 companies No: 81 companies
B.2.5	Were the proxy documents made easily available?	Yes	1	Default answer Yes
TOTAL CG SCORE for Parameter B.2			3	

Based on the 5 (five) assessment indicators above, the following is an explanation of the assessment items above that have not complied or that have not been carried out by the company (2 assessment items):

- B.2.3 requests disclosure of the profiles of new commissioner candidates who will be appointed at the AGMS. At least the disclosure includes age, qualifications, date of joining the company, experience, and concurrent positions in other public companies. The invitation/notice to call or the AGMS notice materials did not contain this information.
- B.2.4 requests disclosure of information about the external auditor who will be appointed at the AGMS. The auditor referred to in this parameter is the name of the external auditor (not the name of the Office of External Auditor) who is assigned to carry out an audit at the company. The assessment result shows that the AGMS notice/invitation did not contain this information, hence the company has not complied with this assessment item.

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

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

CG SCORE FOR PARAMETER B.3 (Insider Trading and Abusive Self-dealing Should Be Prohibited)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
B.3.1	Does the company have policies and/or rules prohibiting directors/commissioners and employees to benefit from knowledge which is not generally available to the market?	Yes	1	Default Answer Yes

CG SCORE FOR PARAMETER B.3 (Insider Trading and Abusive Self-dealing Should Be Prohibited)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
B.3.2	Are the directors and commissioners required to report their dealings in company shares within 3 business days?	Yes	1	Yes: 63 companies No: 37 companies
TOTAL CG SCORE for Parameter B.3			2	

Based on the 2 (two) assessment items above, the company has complied with the governance practices requested/required on all of the assessment items.

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

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

CG SCORE FOR PARAMETER B.4 (Related Party Transactions by the Board of Commissioners and Directors)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
B.4.1	Are directors and commissioners required to disclose their interest in transactions and any other conflicts of interest?	Yes	1	Default answer Yes
B.4.2	Does the company have a policy requiring a committee of independent directors/commissioners to review material/significant RPTs to determine whether they are in the best interests of the company?	Yes	1	Default answer Yes
B.4.3	Does the company have a policy requiring board members (directors/commissioners) to abstain from participating in the board discussion on a particular agenda when they are conflicted?	Yes	1	Default Answer Yes

CG SCORE FOR PARAMETER B.4 (Related Party Transactions by the Board of Commissioners and Directors)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
B.4.4	Does the company have policies on loans to directors and commissioners either forbidding this practice or ensuring that they are being conducted at arm's length basis and at market rates.	No	0	Yes: 26 companies No: 74 companies
TOTAL CG SCORE for Parameter B.4			3	

Based on the 4 (four) assessment indicators above, the company has not complied only with the governance practices requested or required in assessment item B.4.4 which requests for a policy that explicitly prohibits the provision of loan facilities to Directors and Commissioners or if there is a policy that allows this practice to be carried out, then the company through this policy must ensure that the practice of providing loans to directors and commissioners is conducted fairly or at arm's length basis and at market rates. Based on the assessment results, no information disclosure was found indicating that the company (PTRO) 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 assessment indicators of the GCG practices on the company. The following is the assessment result of the questions;

CG SCORE FOR PARAMETER B.5 (Protecting minority shareholders from abusive actions)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
B.5.1	Does the company disclose that RPTs are conducted in such a way to ensure that they are fair and at arms' length?	Yes	1	Yes: 58 companies No: 42 companies

CG SCORE FOR PARAMETER B.5 (Protecting minority shareholders from abusive actions)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
B.5.2	In case of related party transactions requiring shareholders approval, is the decision made by disinterested shareholders?	Yes	1	Default answer Yes
TOTAL CG SCORE for Parameter B.5			2	

Based on the 2 (two) assessment items above, the company has implemented/complied with the governance practices requested/required in all of the assessment items.



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

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

CG SCORE FOR EQUITABLE TREATMENT OF SHAREHOLDERS PRINCIPLE				
No	Key Parameters	Number of Items Complied with Each Parameter	Number of Items	Score per Component
1	Shares Ownership and Voting Rights*)	1	1	100%
2	Notice of AGMS	3	5	60%
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%
TOTAL ITEMS THAT COMPLY WITH THE EQUITABLE TREATMENT OF SHAREHOLDERS PRINCIPLE		11	14	78.57%

*) There is 1 assessment item that is not assessed (N/A), thus the number of items in principle B that counted is only 14 items.

The number of assessment items that have been complied with by the company for Principle B (Equitable Treatment of Shareholders) until the end of the fiscal year 2022 are 11 out of 14 indicators/assessment items or there are still **3 (three) more assessment items** that have not complied, namely 2 (two) assessment items on the second key parameter (B.2.3 and B.2.4) and 1 (one) assessment item on the fourth key parameter (B.4.4). When compared with the assessment result in the previous assessment period (ACGS 2022), there was an increase in the company's GCG performance achievement by **1.65%** (from 76.92% to 78.57%) or **0.17 points** (from 7.69 to 7.86). This increase was mainly due to improvements made by the company to the practices required in 2 (two)

assessment items, namely item B.3.2 and B.5.1 (related to the policy of reporting share transactions by insiders within a period of 3 days and the RPT transaction policy).



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. As a comparison, the assessment results for 100 public companies with the biggest market capitalization are also presented.

CG SCORE FOR PARAMETER C.1 (The Rights of Stakeholders that are established by law or through mutual agreements should be respected)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
	Does the company disclose a policy that:			
C.1.1	The existence and scope of the company's efforts to address customers' welfare?	Yes	1	Yes: 96 companies No: 4 companies

CG SCORE FOR PARAMETER C.1 (The Rights of Stakeholders that are established by law or through mutual agreements should be respected)				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
C.1.2	Supplier/contractor selection procedures?	Yes	1	Yes: 74 companies No: 26 companies
C.1.3	The company's efforts to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development?	Yes	1	Yes: 99 companies No: 1 companies
C.1.4	The company's efforts to interact with the communities in which they operate?	Yes	1	Yes: 99 companies No: 1 companies
C.1.5	Describe the company's anti-corruption programmes and procedures?	Yes	1	Yes: 84 companies No: 16 companies
C.1.6	Describes how creditors' rights are safeguarded?	Yes	1	Yes: 99 companies No: 1 companies
C.1.7	Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?	Yes	1	Yes: 99 companies No: 1 companies
TOTAL CG SCORE for Parameter C.1			7	

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

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

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

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

CG SCORE FOR PARAMETER C.2 (Stakeholders should have the opportunity to obtain effective redress for violation of their rights)				
No	Question	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
C.2.1	Does the company provide contact details via the company's website or Annual Report which stakeholders (e.g. customers, suppliers, general public etc.) can use to voice their concerns and/or complaints for possible violation of their rights?	Yes	1	Yes: 97 companies No: 3 companies

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

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

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

CG SCORE FOR PARAMETER C.3 (Performance-enhancing mechanisms for employee participation should be permitted to develop)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
C.3.1	Does the company explicitly disclose the health, safety, and welfare policy for its employees?	Yes	1	Yes: 99 companies No: 1 companies
C.3.2	Does the company explicitly disclose the policies and practices on training and development programmes for its employees?	Yes	1	Yes: 97 companies No: 3 companies

CG SCORE FOR PARAMETER C.3 (Performance-enhancing mechanisms for employee participation should be permitted to develop)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
C.3.3	Does the company have a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures?	No	0	Yes: 15 companies No: 85 companies
TOTAL CG SCORE for Parameter C.3			2	

The company has not complied with only 1 (one) assessment item above, namely item C.3.3 which requests for disclosure of policy or program for providing company’s long-term performance-based compensation/remuneration. An example for this compensation is providing stock options to its employees.

As for the long-term performance-based compensation/remuneration program, it also requires the disclosure of information explaining the lock out period (the time when the program can only be exercised in 2 years or more or it is stated that the share reward is LOCKED-OUT for 2 or 3 years).

During 2022, the company (PTRO) did not implement a long-term incentive program for management and/or employees, both in the form of the Employee Stock Options Program (ESOP) or the Management Stock Options Program (MSOP).

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

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

CG SCORE FOR PARAMETER C.4 (All stakeholders, including individual employee and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
C.4.1	Does the company have a whistle blowing policy which include procedures for complaints by employees concerning alleged illegal (including corruption) and unethical behavior and provide contact details via the company’s website or annual report?	Yes	1	Yes: 96 companies No: 4 companies
C.4.2	Does the company have a policy or procedures to protect an employee/person who reveals alleged illegal/unethical behavior from retaliation?	Yes	1	Yes: 92 companies No: 8 companies
TOTAL CG SCORE for Parameter C.4			2	

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

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

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

CG SCORE ON THE ROLE OF STAKEHOLDERS PRINCIPLE				
No	Key Parameters	Number of Items Complied with Each Parameter	Number of Items	Score per Component
1	The Rights of Stakeholders that are established by law or through mutual agreements should be respected.	7	7	100%
2	Stakeholders should have the opportunity to obtain effective redress for violation of their rights.	1	1	100%
3	Performance-enhancing mechanisms for employee participation should be permitted to develop.	2	3	66.67%
4	All stakeholders, including individual employee and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this.	2	2	100%
TOTAL ITEMS THAT COMPLY WITH THE ROLE OF STAKEHOLDERS		12	13	92.31%

Based on the assessment result of the performance of governance practices for principle C (Role of Stakeholders) above, it is known that there is no difference between the company's achievements in this ACGS 2023 and the previous assessment period (ACGS 2022), where the company's compliance level with governance practice that required for the assessment items above remains the same as the previous assessment period, namely 92.31% or there is still **1 (one) more assessment item** that the company has not been able to fulfill (not comply), namely assessment item C.3.3 (third parameter) which related to the existence of a policy/program providing long-term incentives to company

management/employees, hence there is no additional contribution to the CG Score value from Principle C to the company's final CG Score for Level 1 assessment.



3.4 PRINCIPLE D: DISCLOSURE AND TRANSPARENCY

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

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



D.1 Transparency of Ownership Structure.

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

CG SCORE FOR PARAMETER D.1 (Transparency of Ownership Structure)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
D.1.1	Does the information on shareholdings reveal the identity of beneficial owners, holding 5% shareholding or more?	Yes	1	Yes: 79 companies No: 21 companies

CG SCORE FOR PARAMETER D.1 (Transparency of Ownership Structure)				
D.1.2	Does the company disclose the direct and indirect (deemed) shareholdings of major and/or substantial shareholders?	Yes	1	Yes: 81 companies No: 19 companies
D.1.3	Does the company disclose the direct and indirect (deemed) shareholdings of directors (commissioners)?	Yes	1	Yes: 71 companies No: 29 companies
D.1.4	Does the company disclose the direct and indirect (deemed) shareholdings of senior management?	Yes	1	Yes: 72 companies No: 28 companies
D.1.5	Does the company disclose details of the parent/holding company, subsidiaries, associates, joint ventures and special purpose enterprises/ vehicles (SPEs)/ (SPVs)?	Yes	1	Yes: 94 companies No: 0 companies N/A: 6 companies
TOTAL CG SCORE for Parameter D.1			5	

Based on the 5 (five) assessment items above, the company has fully implemented/complied with the corporate governance that requested/required on all of the assessment items above.

D.2 Quality of Annual Report

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

CG SCORE FOR PARAMETER D.2 (Quality of Annual Report)				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
	Does the company's annual report disclose the following items:			
D.2.1	Corporate objectives	Yes	1	Yes: 98 companies No: 2 companies

CG SCORE FOR PARAMETER D.2 (Quality of Annual Report)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
D.2.2	Financial performance indicators	Yes	1	Yes: 100 companies No: 0 companies
D.2.3	Non-financial performance indicators	Yes	1	Yes: 99 companies No: 1 companies
D.2.4	Dividend policy	No	0	Yes: 49 companies No: 51 companies
D.2.5	Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes	1	Yes: 99 companies No: 1 companies
D.2.6	Attendance details of each director/commissioner in respect of meetings held	Yes	1	Yes: 92 companies No: 8 companies
D.2.7	Total remuneration of each member of the board of directors/commissioners	No	0	Yes: 5 companies No: 95 companies
D.2.8	Does the Annual Report contain a statement confirming the company's full compliance with the code of corporate governance and where there is non-compliance, identify and explain reasons for each such issue?	Yes	1	Yes: 95 companies No: 5 companies
TOTAL CG SCORE for Parameter D.2			6	

Based on the 8 (eight) assessment indicators above, the following is an explanation for the assessment items that the company still not complied which related to the information in the Annual Report (2 assessment items):

- D.2.4, requests the disclosure of dividend policy for fiscal year 2022 in the company's Annual Report 2022. The information contained in the company's Annual Report only mentioned the dividend policy that has been carried out by the company for the previous period, namely only for fiscal year 2020 and 2021

(dividend history), however the company did not disclose the target/dividend policy for fiscal year 2022.

- D.2.7 requests a detailed disclosure of the amount and structure of the remuneration received by each member of the board of commissioners in the company's Annual Report 2022. PT Petrosea Tbk did not disclose information regarding this matter. The available information only disclosed the amount of remuneration received by the Board of Commissioners in aggregate value, without explicitly mentioning the name of the commissioner and the amount of remuneration that received.

D.3 Disclosure of Related Party Transactions.

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

CG SCORE FOR PARAMETER D.3 (Disclosure of Related Party Transactions)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
D.3.1	Does the company disclose its policy covering the review and approval of material/significant RPTs?	Yes	1	Yes: 45 companies No: 55 companies
D.3.2	Does the company disclose the name of the related party and relationship for each material/significant RPT?	Yes	1	Yes: 100 companies No: 0 companies
TOTAL CG SCORE for Parameter D.3			1	

Based on the assessment indicators for the corporate governance that requested/required on the parameters above, the company has fully implemented/complied with all of the items.

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 to these questions.

CG SCORE FOR PARAMETER D.4 (Disclosure of the Member of Directors and the Board of Commissioners dealing in shares of the company)				
No	Question	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
D.4.1	Does the company disclose trading in the company's shares by insiders?	N/A	-	Yes: 24 companies No: 52 companies N/A: 24 companies

Item D.4.1 above requests the company to disclose a clear and detailed information for trading activities or company's stock transactions carried out by insiders, especially by the directors and commissioners. Due to the absence of the company's share ownership by the directors and commissioners (insiders), this assessment item is not relevant to conduct an assessment, therefore the result did not contribute any score/value to the achievement of the final score on the Level 1 assessment.

D.5 External Auditor and Auditor Report

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

CG SCORE FOR PARAMETER D.5 (External Auditor and Auditor Report)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
D.5.1	Are audit fees and non-audit fees disclosed?	Yes	1	Yes: 72 companies No: 28 companies
D.5.2	Does the non-audit fees exceed the audit fees?*)	No	1	Yes: 30 companies No: 70 companies

CG SCORE FOR PARAMETER D.5 (External Auditor and Auditor Report)				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
TOTAL CG SCORE for Parameter D.5			2	

*) For the assessment item D.5.2, the answer "Yes" indicates that the company has not complied with the practice, in contrast, the answer is "No" if the practice has complied or has been carried out by the company.

Based on the two assessment indicators above, the company has implemented or complied with all of the assessment items.

D.6 Company's Media of Communication

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

CG SCORE FOR PARAMETER D.6 (Company's Media of Communication)				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
	Does the company use the following modes of communication?			
D.6.1	Quarterly reporting	Yes	1	Yes: 95 companies No: 5 companies
D.6.2	Company website	Yes	1	Yes: 99 companies No: 1 companies
D.6.3	Analyst's briefing	Yes	1	Yes: 77 companies No: 23 companies
D.6.4	Media briefings /press conferences	Yes	1	Yes: 93 companies No: 7 companies
TOTAL CG SCORE for Parameter D.6			4	

Based on all the assessment indicators for the governance practices requested or required above, the company has fully implemented or complied with the assessment items contained in this parameter, namely related to the company's media of communication.

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

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

CG SCORE FOR PARAMETER D.7 (Timely submission or release of the information on financial report or annual report)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
D.7.1	Are the audited annual financial report/statement released within 120 days from the financial year end?	Yes	1	Yes: 97 companies No: 3 companies
D.7.2	Is the annual report released within 120 days from the financial year end?	Yes	1	Yes: 87 companies No: 13 companies
D.7.3	Is the true and fairness/fair representation of the annual financial statement/reports affirmed by the board of directors/commissioners and/or the relevant officers of the company?	Yes	1	Yes: 99 companies No: 1 companies
TOTAL CG SCORE for Parameter D.7			3	

The company 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:

CG SCORE FOR PARAMETER D.8 (Company’s Website)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)

CG SCORE FOR PARAMETER D.8 (Company's Website)				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
	Does the company have a website disclosing up-to-date information on the following:			
D.8.1	Financial statements/reports (latest quarterly)	Yes	1	Yes: 95 companies No: 5 companies
D.8.2	Materials provided in briefings to analysts and media	Yes	1	Yes: 72 companies No: 28 companies
D.8.3	Downloadable annual report	Yes	1	Yes: 99 companies No: 1 companies
D.8.4	Notice of AGM and/or EGM	Yes	1	Yes: 92 companies No: 8 companies
D.8.5	Minutes of AGM and/or EGM	Yes	1	Yes: 88 companies No: 12 companies
D.8.6	Company's constitution (company's by-laws, memorandum and articles of association)	No	0	Yes: 44 companies No: 56 companies
TOTAL CG SCORE for Parameter D.8			5	

The source of data for each assessment item in the parameter above is from the company's website, and for the assessment item D.8.6 requests for material regarding the Company's Articles of Association. This material can be in the form of documents (word, pdf, text) that can be downloaded. Based on the search results on the company's website, there was no information found regarding the Company's Articles of Association. For this reason, the company has not complied with the practices requested in this assessment item.

D.9 Investor Relations

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

CG SCORE FOR PARAMETER D.9 (Investor Relations)				
No	Question	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution Of Answers For Public Listed Companies (PLCs)
D.9.1	Does the company disclose the contact details (e.g. telephone, fax, and email) of the officer responsible for investor relations?	Yes	1	Yes: 97 companies No: 3 companies
TOTAL CG SCORE for Parameter D.9			1	

PT Petrosea Tbk (PTRO) both in the company's website and in the Annual Report, has disclosed information about specific e-mail for investor relations activities in accordance with the requirements of this item.



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

THE ASSESSMENT RESULT OF CG PRACTICES ON DISCLOSURE AND TRANSPARENCY PRINCIPLE

CG SCORE FOR DISCLOSURE AND TRANSPARENCY PRINCIPLE				
No	Key Parameters	Number of Items Complied with Each Parameter	Number of Items	Score per Component
1	Transparency of Ownership Structure	5	5	100%
2	Quality of Annual Report	6	8	75%
3	Disclosure of Related Party Transaction	2	2	100%
4	Disclosure of the Member of Directors and the Board of Commisioners dealing in shares of the company	-	-	-
5	External Auditor and Auditor Report	2	2	100%
6	Media of Communication	4	4	100%
7	Timely Submission or Release of Annual or Financial Reports	3	3	100%
8	Company's Website	5	6	83.33%
9	Investor Relations in the Company	1	1	100%
TOTAL ITEMS THAT COMPLY WITH DISCLOSURE AND TRANSPARENCY PRINCIPLE		28	31	90.32%

^{*)} There is 1 assessment item/question that is not assessed (N/A), hence the number of items in principle D that counted is only 31 items.

The total number of assessment items that have been complied/fulfilled by the company for Principle D (Disclosure and Transparency) is 28 out of 31 items that assessed. This number has not experienced any difference from the achievement of compliance level in the previous year (ACGS 2022), namely there are **still 3 (three) more assessment items** that have not been fulfilled by the company for fiscal year 2022; 2 assessment items on the second key parameter (item D.2.4 and D.2.7) and 1 more assessment item on the eighth key parameter

(item D.8.6). Thus, for this ACGS 2023 assessment period there will be no additional score contribution from Principle D to the final CG Score for Level 1 assessment.



3.5 PRINCIPLE E: RESPONSIBILITIES OF THE BOARD

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

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

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

2. Board of Commissioners Structure.

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

3. Board of Commissioners Process.

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

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

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

5. Board of Commissioners Performance.

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

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

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

CG SCORE FOR INDICATOR E.1 (Duties and Responsibilities of the Directors and the Board of Commissioners)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
	The responsibilities of the Board of Commissioners and CG Policy must be clearly stated by the company:			
E.1.1	Does the company disclose its corporate governance policy / board charter?	Yes	1	Yes: 62 companies No: 38 companies
E.1.2	Are the types of decisions requiring board of directors/commissioners' approval disclosed?	No	0	Yes: 59 companies No: 41 companies
E.1.3	Are the roles and responsibilities of the board of directors/commissioners clearly stated?	Yes	1	Yes: 99 companies No: 1 companies
	Company's Vision and Mission			

CG SCORE FOR INDICATOR E.1 (Duties and Responsibilities of the Directors and the Board of Commissioners)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
E.1.4	Does the company have an updated vision and mission statement?	Yes	1	Yes: 71 companies No: 29 companies
E.1.5	Does the board of directors play a leading role in the process of developing and reviewing the company’s strategy at least annually?	Yes	1	Yes: 100 companies No: 0 companies
E.1.6	Does the board of directors have a process to review, monitor and oversee the implementation of the corporate strategy?	Yes	1	Yes: 98 companies No: 2 companies
TOTAL CG SCORE for Indicator E.1			5	

Based on the 6 (six) assessment items above, the company (PTRO) has not complied only with assessment item E.1.2 which requests disclosure regarding the types of decisions that must obtain prior approval from the company's Board of Commissioners. Based on assessment result, no disclosure of information regarding this matter was found.

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:

CG SCORE FOR INDICATOR E.2 (Board of Commissioners Structure)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
	Code of Ethics or Code of Conduct:			
E.2.1	Are the details of the code of ethics or conduct disclosed?	Yes	1	Yes: 88 companies No: 12 companies

CG SCORE FOR INDICATOR E.2 (Board of Commissioners Structure)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
E.2.2	Does the company disclose that all directors/commissioners, senior management and employees are required to comply with the code?	Yes	1	Yes: 91 companies No: 9 companies
E.2.3	Does the company have a process to implements and monitors compliance with the code of ethics or conduct?	Yes	1	Yes: 92 companies No: 8 companies
	Structure and Composition of the Board of Commissioners:			
E.2.4	Do independent directors/commissioners make up at least 50% of the board of directors/commissioners?	No	0	Yes: 59 companies No: 41 companies
E.2.5	Does the company have a term limit of nine years or less or 2 terms of five years each for its independent directors/commissioners?	Yes	1	Yes: 30 companies No: 70 companies
E.2.6	Has the company set a limit of five board seats that an individual independent/non-executive director/commissioner may hold simultaneously?	Yes	1	Default Answer Yes
E.2.7	Does the company have any executive directors/commissioners who serve on more than two boards of listed companies outside of the group?*)	No	1	Yes: 3 companies No: 97 companies
	Nominating Committee:			
E.2.8	Does the company have a Nominating Committee (NC)?	Yes	1	Yes: 83 companies No: 17 companies
E.2.9	Is the Nominating Committee comprise of a majority of independent directors/commissioners?	No	0	Yes: 21 companies No: 62 companies N/A: 17 companies
E.2.10	Is the chairman of the Nominating Committee an independent director/commissioner?	Yes	1	Yes: 82 companies No: 1 companies N/A: 17 companies

CG SCORE FOR INDICATOR E.2 (Board of Commissioners Structure)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
E.2.11	Does the company disclose the terms of reference/ governance structure/charter of the Nominating Committee?	Yes	1	Yes: 82 companies No: 1 companies N/A: 17 companies
E.2.12	Is the meeting attendance of the Nominating Committee disclosed and if so, did the Nominating Committee meet at least twice during the year?	Yes	1	Yes: 80 companies No: 3 companies N/A: 17 companies
	Remuneration Committee/Compensation Committee:			
E.2.13	Does the company have a Remuneration Committee?	Yes	1	Yes: 85 companies No: 15 companies
E.2.14	Is the Remuneration Committee comprise of a majority of independent directors/commissioners?	No	0	Yes: 20 companies No: 65 companies N/A: 15 companies
E.2.15	Is the chairman of the Remuneration Committee an independent director/commissioner?	Yes	1	Yes: 84 companies No: 1 companies N/A: 15 companies
E.2.16	Does the company disclose the terms of reference/ governance structure/ charter of the Remuneration Committee?	Yes	1	Yes: 84 companies No: 1 companies N/A: 15 companies
E.2.17	Is the meeting attendance of the Remuneration Committee disclosed, and if so, did the Remuneration Committee meet at least twice during the year?	Yes	1	Yes: 81 companies No: 4 companies N/A: 15 companies
	Audit Committee:			
E.2.18	Does the company have an Audit Committee?	Yes	1	Default Answer Yes
E.2.19	Is the Audit Committee comprised entirely of non-executive directors/commissioners with a majority of independent directors/commissioners?	Yes	1	Default Answer Yes

CG SCORE FOR INDICATOR E.2 (Board of Commissioners Structure)				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Frequency Distribution of Answers for PLCs
E.2.20	Is the chairman of the Audit Committee an independent director/commissioner?	Yes	1	Default Answer Yes
E.2.21	Does the company disclose the terms of reference/governance structure/charter of the Audit Committee?	Yes	1	Yes: 98 companies No: 2 companies
E.2.22	Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)?	Yes	1	Yes: 93 companies No: 7 companies
E.2.23	Is the meeting attendance of the Audit Committee disclosed, and if so, did the Audit Committee meet at least four times during the year?	Yes	1	Yes: 96 companies No: 4 companies
E.2.24	Does the Audit Committee have primary responsibility for recommendation on the appointment, and removal of the external auditor?	Yes	1	Yes: 29 companies No: 79 companies
TOTAL CG SCORE for Indicator E.2			21	

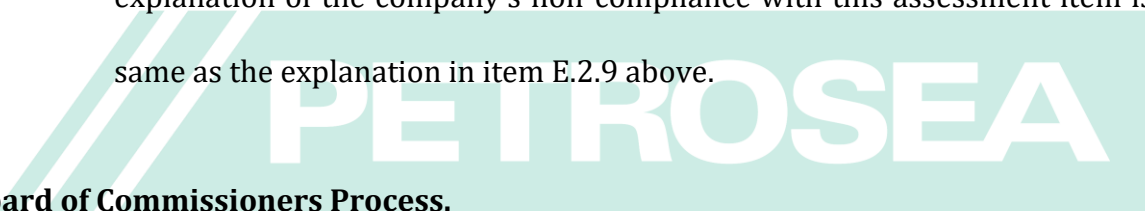
*) For assessment item E.2.7, the answer "Yes" indicates that the company did not comply with the intended practice, on the contrary for the answer "No" indicates that the practice has been fulfilled/performed by the company.

Based on the assessment result of the performance of corporate governance practices for the 24 assessment indicators above, the following is an explanation for the assessment items/questions that have not been carried out or complied with by the company (3 assessment items):

- E.2.4 requires the number of independent commissioners in the composition of the company's board of commissioners to be at least 50% from all members of the board of commissioners. However, there are only 4 independent commissioners in the composition of the board of commissioners of PT

Petrosea Tbk from the total of 9 people, or this number is still less than the minimum requirement of 50%.

- E.2.9 requires the presence of a majority of commissioners or independent parties in the company's nominating committee membership. Because the number of commissioners or independent parties are only 2 from the total member of 5 people (40%) for the nominating committee, the company has not fulfilled the majority requirements (more than 50%) for members of the nominating committee who come from independent party or commissioner.
- E.2.14 requires the presence of a majority of commissioners or independent parties in the company's remuneration committee membership. The explanation of the company's non-compliance with this assessment item is the same as the explanation in item E.2.9 above.



E.3 Board of Commissioners Process.

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

CG SCORE FOR INDICATOR E.3 (Board of Commissioners Process)				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Frequency Distribution of Answers for PLCs
	Board of Commissioners Meetings and Attendance:			
E.3.1	Are the board of directors meetings scheduled before the start of financial year?	Yes	1	Yes: 50 companies No: 50 companies
E.3.2	Does the board of directors/commissioners meet at least six times per year?	Yes	1	Yes: 94 companies No: 6 companies

CG SCORE FOR INDICATOR E.3 (Board of Commissioners Process)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
E.3.3	Has each of the directors/commissioners attended at least 75% of all the board meetings held during the year?	Yes	1	Yes: 78 companies No: 22 companies
E.3.4	Does the company require a minimum quorum of at least 2/3 for board decisions?	No	0	Yes: 28 companies No: 72 companies
E.3.5	Did the non-executive directors/commissioners of the company meet separately at least once during the year without any executives present?	Yes	1	Yes: 98 companies No: 2 companies
	Access to Information:			
E.3.6	Are board papers for board of directors/commissioners meetings provided to the board at least five business days in advance of the board meeting?	Yes	1	Yes: 44 companies No: 56 companies
E.3.7	Does the company secretary play a significant role in supporting the board in discharging its responsibilities?	Yes	1	Yes: 99 companies No: 1 companies
E.3.8	Is the company secretary trained in legal, accountancy or company secretarial practices and has kept abreast on relevant developments?	Yes	1	Yes: 95 companies No: 5 companies
	Appointment and Re-election of members of the Board of Commissioners:			
E.3.9	Does the company disclose the criteria used in selecting new directors/commissioners?	Yes	1	Yes: 60 companies No: 40 companies
E.3.10	Does the company disclose the process followed in appointing new directors/commissioners?	Yes	1	Yes: 52 companies No: 48 companies

CG SCORE FOR INDICATOR E.3 (Board of Commissioners Process)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
E.3.11	Are all the directors/commissioners subject to re-election every 3 years; or 5 years for listed companies in countries whose legislation prescribes a term of 5 years to each? The five years term must be required by legislation which pre-existed the introduction of the ASEAN Corporate Governance Scorecard in 2011.	Yes	1	Yes: 81 companies No: 19 companies
	Remuneration Matters:			
E.3.12	Does the company disclose its remuneration (fees, allowances, benefit-in-kind and other emoluments) policy/practices (i.e. the use of short term and long term incentives and performance measures) for its executive directors and CEO?	No	0	Yes: 20 companies No: 80 companies
E.3.13	Is there disclosure of the fee structure for non-executive directors/commissioners?	Yes	1	Yes: 69 companies No: 31 companies
E.3.14	Do the shareholders or the Board of Directors approve the remuneration of the executive directors and/or the senior executives?	Yes	1	Default Answer Yes
E.3.15	Does the company have measurable standards to align the performance-based remuneration of the executive directors and senior executives with long term interests of the company, such as claw back provision and deferred bonuses?	No	0	Yes: 11 companies No: 89 companies
	Internal Audit:			
E.3.16	Does the company have a separate internal audit function?	Yes	1	Default Answer Yes
E.3.17	Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed?	Yes	1	Yes: 99 companies No: 1 companies

CG SCORE FOR INDICATOR E.3 (Board of Commissioners Process)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
E.3.18	Does the appointment and removal of the internal auditor require the approval of the Audit Committee?	Yes	1	Default answer Yes
	Risk Oversight:			
E.3.19	Does the company establish a sound internal control procedures/risk management framework and periodically review the effectiveness of that framework?	Yes	1	Yes: 99 companies No: 1 companies
E.3.20	Does the Annual Report disclose that the board of directors/commissioners has conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems?	Yes	1	Yes: 74 companies No: 26 companies
E.3.21	Does the company disclose the key risks to which company is material exposed to (i.e. financial, operational including IT, environmental, social, economic)?	Yes	1	Yes: 98 companies No: 2 companies
E.3.22	Does the Annual Report/Annual CG Report contain a statement from the board of directors/commissioners or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems?	Yes	1	Yes: 65 companies No: 35 companies
TOTAL CG SCORE for Indicator E.3			19	

Based on the 22 (twenty-two) assessment item above, the following is an explanation for the items that have not been fulfilled or implemented by the company (3 assessment items):

- E.3.4 requires at least 2/3 quorum for decision-making in the board of commissioners meeting. Based on the assessment result, there was no disclosure found regarding this matter.
- 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 the remuneration policy related to providing long-term incentives and 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 shows that the company does not own this 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:

CG SCORE FOR INDICATOR E.4 (Individuals in the Structure of the Board of Commissioners)				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Frequency Distribution of Answers for PLCs
	Company's Board Chairman:			

CG SCORE FOR INDICATOR E.4 (Individuals in the Structure of the Board of Commissioners)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
E.4.1	Do different persons assume the roles of chairman and CEO?	Yes	1	Yes: 100 companies No: 0 companies
E.4.2	Is the chairman an independent director/commissioner?	No	0	Yes: 23 companies No: 77 companies
E.4.3	Is any of the directors a former CEO of the company in the past 2 years? *)	No	1	Yes: 2 companies No: 98 companies
E.4.4	Are the role and responsibilities of the chairman disclosed?	Yes	1	Yes: 38 companies No: 62 companies
	Senior Independent Commissioner:			
E.4.5	If the Chairman is not independent, has the Board appointed a Lead/Senior Independent Director and has his/her role been defined?	No	0	Yes: 1 companies No: 76 companies N/A: 23 companies
	Board of Commissioners Skills and Competencies:			
E.4.6	Does at least one non-executive director/commissioner have prior working experience in the major sector that the company is operating in?	Yes	1	Yes: 98 companies No: 2 companies
TOTAL CG SCORE for Indicator E.4			4	

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

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

- E.4.2 requires that the President Commissioner is an independent commissioner. The company has not been able to comply with the assessment item because the company's main commissioner for fiscal year 2022 is not an independent commissioner.

- E.4.5 requires Lead Directors/Senior Independent Director (Senior Independent Commissioner) if the main commissioner of the company is not an independent commissioner, whose main task is to lead independent commissioners' meetings. However, if the main commissioner is an independent commissioner, then this item will receive a N/A score or be considered as not included in the assessment. Not only the company PTRO that has not complied with this assessment item, but in Indonesia this practice is still not common, thus the score for this assessment item is mostly a "No".

E.5 Board of Commissioners Performance

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

CG SCORE FOR INDICATOR E.5 (Board of Commissioners Performance)				
No	Questions	"Yes" or "No" or "N/A" Answer	SCORE	Frequency Distribution of Answers for PLCs
	Training/Development of the Board of Commissioners:			
E.5.1	Does the company have orientation programmes for new directors/commissioners?	Yes	1	Yes: 68 companies No: 32 companies
E.5.2	Does the company have a policy that encourages directors/commissioners to attend on-going or continuous professional education programmes?	Yes	1	Yes: 80 companies No: 20 companies
	Appointment and Performance Assessment of the CEO/Managing Director/President:			

CG SCORE FOR INDICATOR E.5 (Board of Commissioners Performance)				
No	Questions	“Yes” or “No” or “N/A” Answer	SCORE	Frequency Distribution of Answers for PLCs
E.5.3	Does the company disclose how the board of directors/commissioners plans for the succession of the CEO/Managing Director/President and key management?	Yes	1	Yes: 44 companies No: 56 companies
E.5.4	Does the board of directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President?	Yes	1	Yes: 83 companies No: 17 companies
	Performance Assessment of the Board of Commissioners:			
E.5.5	Did the company conduct an annual performance assessment of the board of directors/commissioners and disclose the criteria and process followed for the assessment?	Yes	1	Yes: 71 companies No: 29 companies
E.5.6	Did the company conduct an annual performance assessment of the individual directors/commissioners and disclose the criteria and process followed for the assessment?	No	0	Yes: 31 companies No: 69 companies
E.5.7	Did the company conduct an annual performance assessment of the board committees and disclose the criteria and process followed for the assessment?	Yes	1	Yes: 48 companies No: 52 companies
TOTAL CG SCORE for Indicator E.5			6	

Based on the 7 (seven) assessment indicators contained in the assessment parameters above, the company has been able to fulfill the governance practices contained in the 6 (six) assessment items or there is only 1 (one) assessment item that has not been fulfilled or implemented by the company, namely assessment item E.5.6 which requests disclosure of information regarding the practice of performance assessment of individual members of

the company's board of commissioners, the assessment process and the criteria used in the assessment.



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

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

CG SCORE FOR RESPONSIBILITIES OF THE BOARD PRINCIPLE				
No	Indicators/Key Parameters	Number of Items Complied with Each Parameter	Number of Items	Score per Component
1	Duties and Responsibilities of the Board of Directors and Commissioners	5	6	83.33%
2	Board of Commissioners Structure	21	24	87.50%
3	Board of Commissioners Process	19	22	86.36%
4	Individuals in the Structure of the Board of Commissioners	4	6	66.67%
5	Board of Commissioners Performance	6	7	85.71%
TOTAL ITEMS THAT COMPLY WITH THE RESPONSIBILITY OF THE BOARDS PRINCIPLE		55	65	84.62%

From all the 65 assessment items in Principle E (Responsibility of The Board), the company has complied with 55 questions/assessment items or there are still **10 (ten) more assessment items** that have not been fulfilled by the company until the end of fiscal year 2022, namely in the first key parameter (1 assessment item; E.1.2), second key parameter (3 assessment items; E.2.4, 2.9 and E.2.14), third key parameter (3 assessment items; E.3.4, 3.12 and E.3.15), fourth key parameter (2 assessment items; E.4.2 and E.4.4) as well as the fifth key parameter (1 assessment item; E.5.6).

When compared with the assessment result of the company's compliance level for principle E (Responsibility of the Board) in the previous assessment period (ACGS Scorecard 2022), there was an increase in performance achievement by **10.78%** (from 73.84% to 84.62%) or an increase in CG Score by **4.93 points** (from 28.92 to 33.85). This increase was mainly due

to improvements in governance practices in several assessment items (8 assessment items) which included in the first, second and third key parameters.



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

PRINCIPLE	Number of Assessment Items	Total assessment items that have been complied	Assessment Weights	Score
A	21	20	10	9.52
B	14*	11	10	7.86
C	13	12	15	13.85
D	31*	28	25	22.58
E	65	55	40	33.85
Level 1 Score	144	126	100	87.65

The Achievement Result of the company's Total CG Score for level 1 assessment has reached **87.65**. This score has experienced an increase by **5.11** points compared to the performance in the previous period (ACGS 2022) whose score was **82.54 points**. And, when compared with the average score for public companies or 100 biggest market capitalization PLCs based on the comparative score in ACGS 2023 for level 1 assessment, the Total CG Score is still quite far above the average Total CG Score level 1, whose score reached **79.59**.

3.6 BONUS AND PENALTY

❖ Assessment Bonus For Company's GCG Practices

PT Petrosea Tbk (PTRO) obtained bonus in the ASEAN CG Scorecard 2023 assessment period for the following assessment items:

- ✚ (B) C.1.1: +2 points. The company already had a Sustainability Report that was separated from the Annual Report and has referred to the GRI index standard.

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

❖ Penalty for Company's GCG Practices

The company (PTRO) is subject to penalties for the non-compliance in fulfilling or implementing the governance practices requested/required in the following 2 (two) assessment items;

- ✚ (P) A.5.1: -2 points. Penalty points are imposed on the pyramid-shaped ownership structure. A pyramid ownership structure occurs when the controlling shareholder or final owner indirectly controls the company through several layers or several levels of ownership. There is at least 1 layer/level with ownership of less than 100% (through PT Dua Usaha Karya Negeri which has share ownership in PT Caraka Reksa Optima of only 20%, while PT Caraka Reksa Optima itself holds a portion of share ownership in PTRO of up to 89.80%). This kind of ownership structure will cause control rights to exceed cash flow rights.

- ✚ (P) E.4.2: -2 points. These penalty points will not be imposed on the company if the independent commissioner does not obtain stock options, bonus shares or royalties from the company. During fiscal year 2022 it was clearly

revealed that the company had provided bonuses and royalties to all members of the board of commissioners, including independent commissioners.

The total penalty points obtained by the company is **-4 (minus four)** points.

- ❖ **Therefore, the total score for the Bonus and Penalty Component (Level 2 Assessment) obtained by the company is 0 (zero) point.**



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

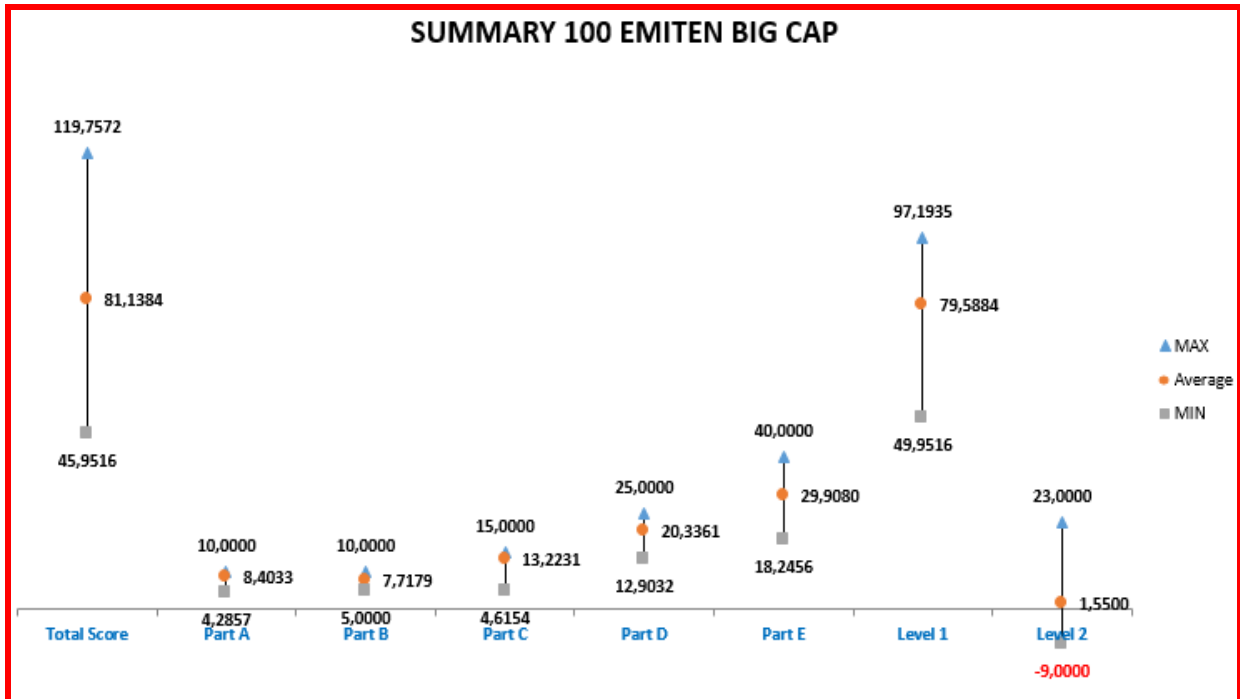
BONUS & PENALTY	Number of Assessment Items	Total of Assessment Items that Received Bonus & Penalty	Score
BONUS	13	1	2
PENALTY	25	2	-4
Level 2 Score			-2

The Achievement Result of Total CG Score obtained by the company for level 2 assessment is **-2 (minus two)** points. When compared to the previous period, it is known that there is a decrease in performance which is marked by a decrease in the net bonus score as a result of bad practices carried out by the company within a year or during 2022 in 1 (one) assessment item.

For ACGS 2022 as a basis for comparison, the score achieved by the company (PTRO) is still below the average score obtained by public companies that listed in the Big Cap category or 100 biggest market capitalization PLCs on the stock exchange for level 2 assessment whose score reached **1.55**.

3.7 PERFORMANCE COMPARISON OF CORPORATE GOVERNANCE PRACTICES OF PT PETROSEA TBK WITH 100 PLCS

The performance achievement result of the corporate governance practices for 100 PLCs (100 Big Cap PLCs) based on ACGS 2023 are shown in the following graph;



As shown in the graph above, the average achievement result of the Total Final Score for GCG practices on 100 Big Cap PLCs is 81.14, where the highest score is 119.76 and the lowest score is only 45.95.

As for the Total Score of Level 1 assessment, the average score is 79.59, which consists of Part A (the average score is 8.40), Part B (the average score is 7.72), Part C (the average score is 13.22), Part D (the average score is 20.34), and Part E (the average score is 29.91). The highest total score achieved by the company in the Big Cap category for GCG performance on level 1 is 97.19 (from the maximum score of 100 points), while the lowest is 49.95.

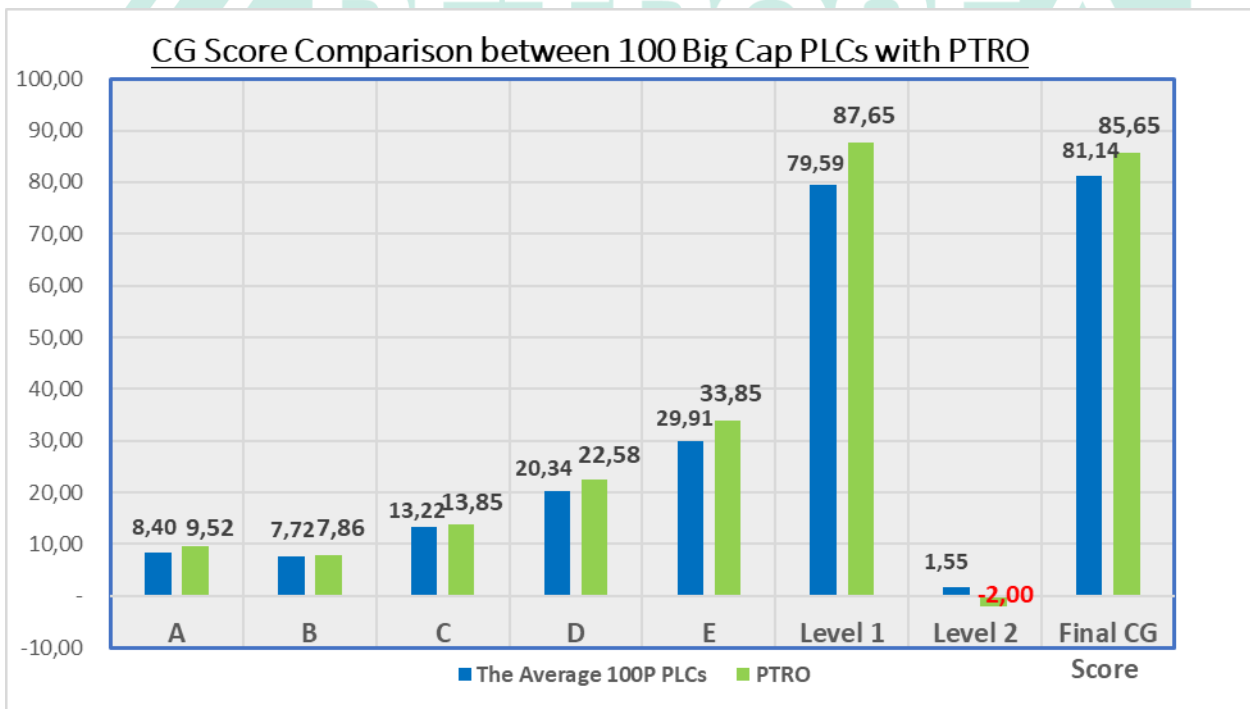
Meanwhile, the Total Score for Level 2 assessment has an average score of 1.55, where the highest Total Score obtained by the company in the Big Cap category for GCG performance

on level 2 assessment reached 23 points (from the maximum score of 30 points), while the lowest score reached **-9 (minus nine)**.

The compliance level performance of 100 Big Cap PLCs in ACGS 2023 assessment period overall achieved better result compared to the previous period (ACGS 2021), both for the overall average performance and the average performance for each Principle in Level 1 Assessment contained in the ACGS and Level 2 Assessment.

3.7.1 Performance Comparison of PTRO's Compliance Level with 100 PLCs (Based on the Biggest Market Cap or Big Cap)

The following graph presents CG Score comparison of PT Petrosea Tbk (PTRO) based on ACGS 2023 assessment result with the average of 100 PLCs (based on the biggest market cap) based on the ASEAN CG Scorecard 2023 as the comparison



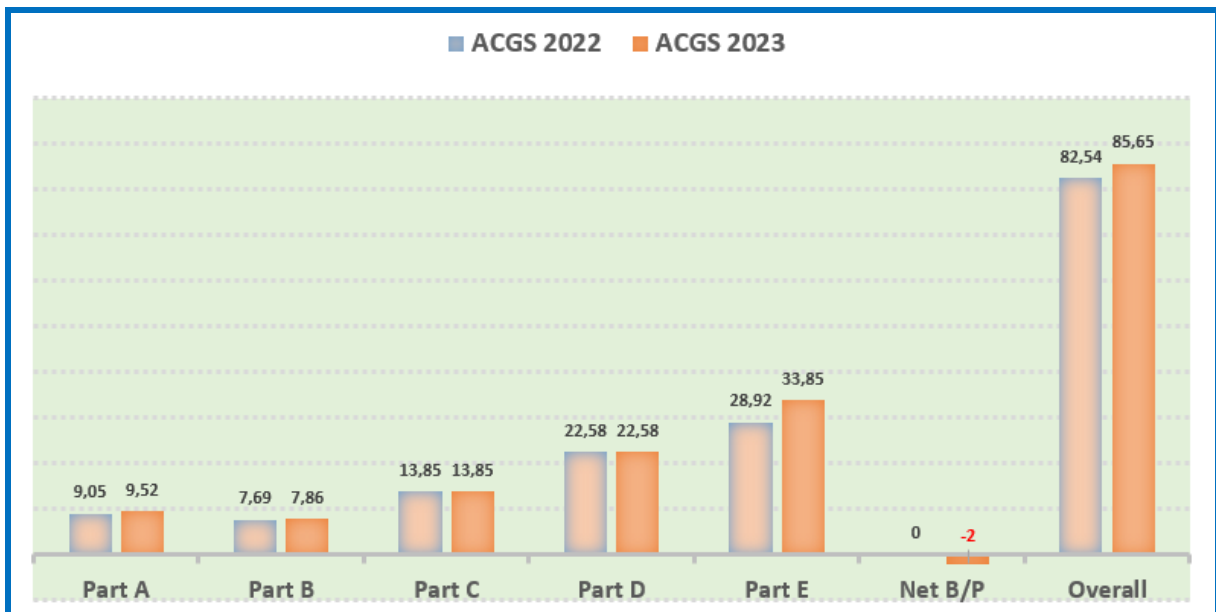
The graph above shows that the Total CG Score of PT Petrosea Tbk based on ASEAN CG Scorecard 2023 still placed above the average Total CG Score obtained by 100 biggest market capitalization PLCs (n=100). Based on its weighted score, as with the achievements

in the previous assessment period, the company (PTRO) has excelled above average for the achievement of governance practice performance on all Level 1 assessment principles, namely principle A (Rights of Shareholders), B (Equitable Treatment of Shareholders), C (Role of Stakeholders), D (Disclosure and Transparency) and E (Responsibilities of The Board).

However, for Level 2 assessment (net bonus and penalties points obtained by PTRO), with the average comparative score in ACGS 2023, the Level 2 score obtained by the company is below the average achieved by BigCap 100 whose score reached 1.55 points, while the score of the company's performance is only **-2 (minus two)** points.

3.8 THE PROGRESS OF CORPORATE GOVERNANCE PRACTICES 2020-2022

The following diagram shows the progress of corporate governance practices of PT Petrosea Tbk over the last two years, 2021 and 2022 or 2 assessment periods (ACGS 2022 and ACGS 2023)



The graph of the overall progress of corporate governance practices of PT Petrosea Tbk (PTRO) in 2022 (ACGS 2023) generally shows improvement, although the score (**3.11**

points) is not significant enough when compared to governance performance in the previous year (2021), however, this improvement shows that the company has a fairly good commitment to seeking continuous improvements for the governance practices requested/required for each assessment indicator in the ACGS Standards.

This increase was significantly more due to improvements, especially in several governance practices for board practices (Principle E). However, the performance for governance practices contained in the Level 2 assessment still needs to receive attention from the company so that its performance can be further strengthened in the future considering that there has been no improvement in the performance in governance practices, especially those contained in the assessment bonus section.



CHAPTER 4

CONCLUSION AND RECOMMENDATION

4.1 CONCLUSION

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

Total Score for CG Practices of PT Petrosea Tbk		
No.	Assessment Components	Weighted Score per Principle
1.	Rights of Shareholder Total rough score x weight = 95.24 x 10%	9.52
2.	Equitable Treatment of Shareholders 78.57 x 10%	7.86
3.	Role of Stakeholders 92.31 x 15%	13.85
4.	Disclosure & Transparency 90.32 x 25%	22.58
5.	Responsibility of the Board of Commissioners 84.62 x 40%	33.85
Total Weighted Score		87.65
6.	Bonus	2
7.	Penalty	-4
Total CG Score (Final)		85.65

The total CG Score (overall score) of GCG practices obtained by the company for fiscal year 2022 (ASEAN Scorecard 2023) is **85.65 points**. Overall, the assessment result of the GCG implementation of PT. Petrosea Tbk (PTRO) continues to place the company in the “**Good**” title, where GCG practices carried out by the company only adopted some of the international standards. This GCG practice still needs to be improved by the company to show a strong commitment to the GCG implementation in Indonesia.

When viewed from the rough score (not weighted), it can be concluded that the company's compliance level performance in Level 1 assessment for principle Part A (the principle of shareholder rights) has reached 95.24 percent, Part B (the principle of equitable treatment of shareholders) has reached 78.57 percent, Part C (the principle of roles of stakeholders) has reached 92.31 percent, Part D (the principle of disclosure and transparency) has reached 90.32 persen, percent, and Part E (principle of responsibility of the boards) has reached 84.62 percent.

Hence, from all the total of 144 questions on Level 1 assessment, PT Petrosea Tbk (PTRO) has not fulfilled or not complied with 18 (eighteen) assessment items, including 1 item in Principle A, 1 item in Principle C, 3 items in Principle B, 3 items in Principle D and 10 items in Principle E.

4.2 RECOMMENDATION

Looking at the capabilities of its resources, the company should be able to improve its performance at least to reach the "Very Good" title (Level 4) for the implementation of its GCG practices in the future, as long as there is BOD and BOC commitment.

Here are some recommendations that can be used asa 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 (both for assessment Level 1 and Level 2):

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 2023 assessment based on each assessment principle;

PRINCIPLE A

- ✓ **(A.3.12):** The company is expected to be able to immediately announce the results of the AGMS to the public within 1 working day. In order for the announcement of the AGMS result to be published immediately, the company can utilize its website (while still informing the uploading date or time of the information).

PRINCIPLE B

- ✓ **(B.2.3):** In the invitation document or invitation to the AGMS, it is recommended that an explanation should be explicitly disclosed regarding the profile of the new commissioners or directors (candidates) who will be appointed at the AGMS. At least the disclosure includes age, qualifications, date of joining the company, experience, and concurrent positions in other public companies. Explanations regarding this profile can be presented explicitly in several alternative sources of information, including documents or explanations of AGMS invitations, supporting materials or attachments to AGMS, company website, and Annual Report.
- ✓ **(B.2.4):** To identify and disclose the identity or name of the external auditor who will be appointed to do the financial report audit for the current period. For the identity or name of the external auditor referred in this matter is the name of a person, not the name of Office of the External Auditor.
- ✓ **(B.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):** The company needs to consider implementing long-term compensation or reward program/policy for employees (not only the board of commissioners and directors) such as ESOP/MSOP or stock options, and must also be accompanied by further information or explanation regarding the lock out period of the long-term compensation program.

PRINCIPLE D

To improve the quality of its annual report, the company is advised to;

- ✓ **(D.2.4):** Explicitly disclose information in the annual report regarding the dividend payout policy (for instance, target dividend payout ratio or dividend per share) for the assessed fiscal year (not the dividend policy for the previous fiscal year). This policy applies to the company that decides to distribute dividends or not to their shareholders on the company's operating performance for the fiscal year that currently being assessed.
- ✓ **(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.

- ✓ **(D.8.6):** The company is advised to complete the company website with the company's Articles of Association document in English version. This document can be in the form of a text, PDF or doc file that can be downloaded.

PRINCIPLE E

- ✓ **(E.1.2):** The company is advised to clearly identify and disclose several types of decisions that require the approval of the Board of Commissioners. Provisions related to this can be stated in the Board Charter (Board Manual) or other documents that can be accessed easily by the public (for instance; annual report and company website).
- ✓ **(E.2.4):** To improve the supervision of the board of commissioners, it is necessary to consider the total number of independent commissioners in the composition of the board of commissioners' membership of the company, which is at least half or 50% of the total members of the board of commissioners.
- ✓ **(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 regulate a policy that requires quorum requirements in decision-making meetings by the board of commissioners, namely at least 2/3 members must be present.
- ✓ **(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, Cummulative Free Cash Flow, Operating Profit or others.
- ✓ **(E.4.2):** To submit a proposal regarding the position of the company's main commissioner should be occupied by a party or an independent commissioner and submitted to the AGMS at the end of the board of commissioners' current term of office, or in the future the company can consider the existence of a policy which requires that for the position of the company's main commissioner should be an independent commissioner.
- ✓ **(E.4.5):** If it is not yet possible for the position of the company's president commissioner to come from an independent party, then the company needs to appoint an independent commissioner to run and do the role as it is done by the company's president commissioner.
- ✓ **(E.5.6):** The company is advised to conduct an annual performance assessment of each or individual member of the board of commissioners (or disclose it if this practice already exists) and disclose the process and criteria used in carrying out the performance assessment.

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:

- ✓ The use of electronic voting is mainly to facilitate voting rights from shareholders who are unable to attend (absentee) the voting process at the time of AGMS or EAGMS (Annual GMS or Extraordinary AGMS) for each agenda. **(Has 2 points score).**
E-KSEI has not yet reached institutional shareholders. E-KSEI is only for the purpose to facilitate shareholders who are unable to attend due to the covid pandemic.
- ✓ The OJK Regulation of AGMS issued in December 2015 requires companies to send AGMS calls to shareholders at least 21 days. However, the AGMS call mechanism itself allows the company to deliver information regarding AGMS calls to shareholders within 28 days prior to the AGMS. **(Has 2 points score).**
- ✓ 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).**
- ✓ To disclose the remuneration of the President Director or Chairman in detail, including at least basic salary, incentives or royalty (bonus) paid in the short-term (annual bonus) and long-term (in the form of deferred stock) in 3 or 5 years (depends on the company's remuneration policy). **(Has 2 points score).**

- ✓ The company 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. **(Has of 2-3 points score, depending 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 can strengthen the role of the board of commissioners by empowering the nominating committee with a composition of 100 percent independent members. An independent member does not have to be an independent commissioner, but can come from outside party that meets the independence requirements. **(Has 2 points score).**
- ✓ The company through the Nominating Committee, as for in the process of identifying commissioner candidates, can align the nominating process with the existing strategic

map, where the identification of commissioner candidates is adjusted to the company's direction or strategic policy. **(Has 4 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 can consider the majority number of independent commissioner members (> 50%) in the composition of the company's board of commissioners membership to strengthen the function of supervision and independence in the decision-making process by the board of commissioners accompanied by the position of President Commissioner that held by an independent commissioner. **(Has 2 points score).**
- ✓ The company through the Board of Commissioners must be able to ensure that the governance process for IT issues is carried out properly, and that includes disruption, cyber security, and disaster management to ensure that key risks are identified, managed, and reported to the Board of Commissioners. **(Has 2 points score).**
- ✓ The company can form a Committee that specifically responsible for managing risk which has a separate structure and authority within the company (Separate Board Level Risk Committee). **(Has 2 points score).**
- ✓ It is necessary to consider arranging policy regarding the prohibition of share options and performance shares, including bonuses (royalty) from the company for the company's independent commissioners. Giving compensation in the form of bonus (royalty) is a bad practice, because bonus (royalty) is related to company's performance, namely the performance of directors. It is recommended that compensation to the board of commissioners, especially for independent commissioners, to not be given in the form of bonus or royalty. **(Can reduce -2 (minus two) points score).**

- ✓ The pyramid structure may not be a problem as long as the corporate governance systems, policies and assessments are implemented well. However, the potential for abuse of power by concentrated shareholders (20% or more) through proxy control poses a threat to the company's sustainability.

Efforts that can be done by the company for the compliance level with the governance practices required in the ACGS standard can be more optimal, which is reflected in the increase in the company's achievement of total CG score in the future. Therefore, the company should start improving the performance of governance practices from the easiest and the most possible thing to do or to realize (the implementation) in short-term, which does not really need a strategic decision to run it.

Meanwhile, for some governance practices whose improvement requires decisions that are more strategical and relatively more difficult to carry out in the near future, thus the fulfillment must be supported by a strong readiness and commitment from all company's personnel, especially encouragement from the leaders and shareholders (fund controller/the majority) to realize it.

Based on the suggestions for improvement above, the governance practices contained in the assessment item A.3.12, B.2.3, B.2.4, B.4.4, D.2.4, D.8.6, E.1.2, E.3.4, (B) B.1.1 and (B) D.1.1 the fulfillment can be realized by the company in a shorter period of time.



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