

Indonesia



GLASS LEWIS

2027 Benchmark Policy Guidelines

---

[www.glasslewis.com](http://www.glasslewis.com)

# Table of Contents

|                                                                        |    |
|------------------------------------------------------------------------|----|
| About Glass Lewis .....                                                | 4  |
| Preface: Benchmark Policy 2027.....                                    | 5  |
| Guidelines Introduction .....                                          | 5  |
| Laws and Regulations .....                                             | 5  |
| Governance Structure.....                                              | 6  |
| Shareholder Meetings and Disclosure.....                               | 6  |
| A Governance Structure that Serves the Interests of Shareholders ..... | 8  |
| Independence.....                                                      | 8  |
| Board Gender Diversity.....                                            | 9  |
| Independent Commissioners' Board Tenure.....                           | 10 |
| Committees of BOC.....                                                 | 10 |
| Audit Committee Performance.....                                       | 10 |
| Remuneration Committee Performance.....                                | 11 |
| Nomination Committee Performance .....                                 | 12 |
| Risk Committee Performance .....                                       | 13 |
| Environmental and Social Risk Oversight.....                           | 14 |
| Performance .....                                                      | 14 |
| Experience .....                                                       | 15 |
| Conflict of Interest.....                                              | 16 |
| Board Size .....                                                       | 16 |
| Board Evaluation and Refreshment .....                                 | 17 |
| Initial Public Offering .....                                          | 17 |

|                                                                          |    |
|--------------------------------------------------------------------------|----|
| Transparency and Integrity in Financial Reporting.....                   | 18 |
| Accounts and Reports .....                                               | 18 |
| Allocation of Profits/Dividends .....                                    | 18 |
| Appointment of Auditors and Authority to Set Fees .....                  | 18 |
| The Link Between Compensation and Performance.....                       | 20 |
| Remuneration of BOD and BOC .....                                        | 20 |
| Equity-Based Compensation.....                                           | 20 |
| Governance Structure, Capital Management, & the Shareholder Franchise .. | 23 |
| Amendments to the Articles of Association .....                          | 23 |
| Dividend Reinvestment (or Scrip Dividend) Plans .....                    | 23 |
| Issuance of Shares and/or Convertible Securities.....                    | 23 |
| Without Preemptive Rights.....                                           | 24 |
| Repurchase of Shares .....                                               | 24 |
| Stock Split .....                                                        | 24 |
| Multi-Class Share Structures.....                                        | 25 |
| Corporate Guarantees.....                                                | 26 |
| Material Transaction.....                                                | 26 |
| Related Party Transactions.....                                          | 27 |
| Transaction of Other Business .....                                      | 28 |
| Overall Approach to Environmental, Social & Governance.....              | 29 |
| Sustainable Finance in Indonesia .....                                   | 30 |
| Connect with Glass Lewis .....                                           | 31 |

# About Glass Lewis

Glass Lewis is the world's choice for governance solutions. We enable institutional investors and publicly listed companies to make informed decisions based on research and data. We cover 30,000+ meetings each year, across approximately 100 global markets. Our team has been providing in-depth analysis of companies since 2003, relying solely on publicly available information to inform its policies, research, and voting recommendations.

Our customers include most the world's largest pension plans, mutual funds, and asset managers, collectively managing over \$40 trillion in assets. We have teams located across the United States, Europe, and Asia-Pacific giving us global reach with a local perspective on the important governance issues.

Investors around the world depend on Glass Lewis' [Viewpoint](#) platform to manage their proxy voting, policy implementation, recordkeeping, and reporting. Our industry leading [Proxy Paper](#) product provides comprehensive research and voting recommendations weeks ahead of voting deadlines. Public companies can also use our innovative [Report Feedback Statement](#) to deliver their opinion on our proxy research directly to the voting decision makers at every investor client in time for voting decisions to be made or changed.

The research team engages extensively with public companies, investors, regulators, and other industry stakeholders to gain relevant context into the realities surrounding companies, sectors, and the market in general. This enables us to provide the most comprehensive and pragmatic insights to our customers.

## Join the Conversation

Glass Lewis is committed to ongoing engagement with all market participants.

[info@glasslewis.com](mailto:info@glasslewis.com) | [www.glasslewis.com](http://www.glasslewis.com)

# Preface: Benchmark Policy 2027

Glass Lewis' single house policy has traditionally anchored the regional benchmark guidelines. Given Glass Lewis' announced intention to move away from this single house policy, towards multiple perspectives representing varied viewpoints of its clients, policy development has entered a period of transition. As such, the Glass Lewis 2026 Benchmark Policy Guidelines will remain static for 2027.

Glass Lewis, however, remains committed to keeping policies current during this transition phase by ensuring that any relevant changes to regulation or corporate governance practices are reflected in the Benchmark Policy guidelines. A review of market-level regulatory and best practice changes over the preceding year concluded that these guidelines do not require revision for 2027.

## Purpose

The purpose of the Benchmark Policy proxy research and advice is to serve as a framework that facilitates shareholder voting in favor of governance structures that will drive performance and promote and maintain long-term shareholder value.

## Guidelines Introduction

### Laws and Regulations

Indonesian corporate governance is centered primarily upon the Company Law, Capital Market Law regulations issued by the Otoritas Jasa Keuangan (OJK, the Financial Services Authority of Indonesia), Bapepam Rulebook (Bapepam-LK)<sup>1</sup> issued by the Capital Market and Financial Institution Supervisory Agency (CMFISA),<sup>2</sup> the Indonesia Stock Exchange Listing Rules (the Listing Rules) and the Indonesia's Code of Good Corporate Governance (the Code). The Code is a set of voluntary recommendations composed by the National Committee on Governance, under the coordinating minister for Economic Affairs, to provide guidance for long-term sustainability.

These guidelines offer a broad overview of the global/regional Benchmark Policy approach to proxy advice, grounded in a mix of market best practices, client input on policy issues, and widespread investor consensus on key topics.

---

<sup>1</sup> Bapepam has been superseded by the OJK as the capital market's oversight agency.

<sup>2</sup> Although the OJK is now the market regulator, the Bapepam-LK rules remain in force, while OJK is implementing new regulations that are replacing Bapepam rules.

## Governance Structure

Indonesian companies are governed by a two-tier structure consisting of a board of directors<sup>3</sup> (“BOD”) (also known as executive boards in most major markets) and a board of commissioners (“BOC”) (also known as a board of directors in most major markets).

According to the laws and regulations, the BOD shall be responsible for the day-to-day management of the company for the company’s interest with good faith and full responsibility.<sup>4</sup> The BOC shall oversee the performance of the BOD, such as management policy, and implementation of the management.<sup>5</sup> The BOC also has the authority and duty to ensure internal controls and social responsibilities, consider and protect the interests of shareholders and monitor the effectiveness of the company’s corporate governance practices. The BOC may establish a committee, which may contain one or more members of the BOC.<sup>6</sup>

Members of the BOD and BOC should be appointed by shareholders at a general meeting and may be eligible for re-election. The duty and authority among the BOD members should be determined by shareholders, and if not, by the BOD.<sup>7</sup> The Company Law requires at least one independent commissioner and one representative commissioner to serve on the BOC. The representative commissioner shall not be a member of management.

## Shareholder Meetings and Disclosure

Annual general meetings should take place no later than six months after the end of a fiscal year.<sup>8</sup> Special general meetings may be held by the BOD or upon the request of BOC or one or more shareholders jointly holding one-tenth or more of the company’s total shares with voting rights.<sup>9</sup>

The Company Law mandates that a company’s annual report is, following review by the BOC, submitted by the BOD to a general meeting of shareholders no later than 6 months after the end of a fiscal year.<sup>10</sup> The annual report must be made available to shareholders at the same time as the invitation to the shareholders meeting.<sup>11</sup> Meeting notices should be sent out by the BOD to shareholders at least 21 days prior to the general meeting of shareholders,<sup>12</sup> excluding the date of the notice and that of the meeting.

The annual report shall contain the following: (i) audited financial statements of the most recent two fiscal years; (ii) report on the company activities; (iii) report on the implementation of social environmental

---

<sup>3</sup> Given the roles and duties provided by the laws, BODs of Indonesian companies are considered as executive boards that should be appointed by shareholders.

<sup>4</sup> Article 92, Company Law.

<sup>5</sup> Article 108, Company Law.

<sup>6</sup> Article 121, Company Law.

<sup>7</sup> Article 92, Company Law.

<sup>8</sup> Chapter 1, Article 2, “Planning and Convening of the General Meeting of Shareholders for Public Companies” (No. 32/POJK.04/2014).

<sup>9</sup> *Ibid.*

<sup>10</sup> Article 66, Company Law.

<sup>11</sup> Chapter 4, Article 14, “Annual Report of Issuer or Public Company” (No. 29/POJK.04/2016).

<sup>12</sup> Chapter 2, Article 12, Paragraphs 1 and 2, “Planning and Convening of the General Meeting of Shareholders for Public Companies” (No. 32/POJK.04/2014).

responsibility; (iv) issues regarding the company's activities; (v) report on supervisory duty performed by the BOC during the last fiscal year; (vi) names of the members of the BOD and BOC; and vii) remuneration of the members of BOD and BOC of the last fiscal year. More detailed disclosures in meeting notices are desired, especially around proposed nominees and proposed remuneration or compensation practices for members of BOD and BOC and auditors, which are often not available for shareholders' informed decisions.

Based on OJK regulations, all companies must now have websites that have corporate governance information for shareholders in Bahasa Indonesia and in English. These portions of a company's website must include information pertaining to shareholder meetings, including nominees standing for election as a director or a commissioner.<sup>13</sup>

---

<sup>13</sup> Chapter 1, Article 8, Section D, "The Website of the Issuer or Public Company" (No. 8/POJK.04/2015).

# A Governance Structure that Serves the Interests of Shareholders

The purpose of the Benchmark Policy is to support shareholder voting in favor of governance structures that promote long-term performance, sustainable value creation, and an appropriate tone at the top. The policy places emphasis on boards that demonstrate a commitment to protecting shareholder interests and maintaining value creation over the medium and long term. Boards aligned with market best practice are expected to exhibit independence, positive performance records, and a balance of experience and expertise among their members.

In Indonesia, the election of directors and commissioners generally occurs through a combined slate proposal. Where significant shareholder concerns are identified with respect to either the board of directors or the board of commissioners, the Benchmark Policy may recommend against the entire slate.

Market practice indicates that Indonesian companies have not always disclosed the identities of board nominees in a timely manner. Given that shareholders require such information to make informed voting decisions, the Benchmark Policy recommends voting against proposals where nominee details are not publicly available prior to the meeting.

## Independence

The independence of commissioners is most clearly reflected in their decision-making record. When assessing independence, the Benchmark Policy considers whether a commissioner's past actions demonstrate objectivity and sound judgment. Where a commissioner serves on multiple boards and has a history suggesting a lack of impartiality, such factors are considered in the overall assessment. Determinations of independence are therefore informed by both compliance with applicable listing-rule requirements and evidence of past conduct.

The Benchmark Policy assesses each commissioner nominee based on their relationships with the company, its executives, and fellow commissioners. This review identifies personal, familial, or financial connections (excluding commissioner remuneration) that could compromise objective decision-making. Such relationships are considered to present potential conflicts of interest, making it difficult for a commissioner to prioritize shareholder interests over personal or related-party considerations. In addition, a commissioner holding more than 20% of a company's share capital may be viewed as exerting disproportionate influence over the board and its audit committee.

Accordingly, commissioners are classified into two categories based on the nature of their relationship with the company.:

**Independent Commissioner** — An independent commissioner has no material,<sup>14</sup> financial, familial<sup>15</sup> or other current relationships with the company,<sup>16</sup> its executives or other board members except for service on the board and standard fees paid for that service. An individual who has been employed by the company and/or its group within the past five years<sup>17</sup> is not considered to be independent. A three year look back is generally used for all other relationships. An independent commissioner does not have any position on the company's BOD.<sup>18</sup> Further, an independent commissioner must not own shares in a company, according to OJK regulations.<sup>19</sup>

A commissioner will not be regarded as independent if they have been progressively re-designated from an executive director to an independent commissioner without any break in service. The Benchmark Policy considers that an individual transitioning from an executive to an independent role should have a period of separation from the company before rejoining the board as a commissioner or independent commissioner.

**Affiliated Commissioner<sup>20</sup>** — An affiliated commissioner has a material financial, familial or other relationship with the company or its executives but is not an employee of the company. This includes commissioners whose employers have a material financial relationship with the company. This also includes a commissioner directly or indirectly holding 20% or more of the total outstanding shares of the company.<sup>21</sup> Additionally, where independent commissioners are noted to be receiving additional compensation in the form of salaries, allowances and/or emoluments that exceed 50% of a commissioner's normal fee-based compensation, the commissioners will be considered as affiliated for the purpose of analysis.

## Board Gender Diversity

The Benchmark Policy generally recommends voting against the nomination committee chair, or where no such committee exists, the president commissioner, when a company does not have at least one gender diverse

---

<sup>14</sup> A material relationship is one in which the dollar value exceeds 1% of the company's consolidated gross revenue for other business relationships (e.g., where the director is an executive officer of a company that provides services or products to or receives services or products from the company).

<sup>15</sup> Familial relationships include a person's spouse, parents, children, siblings, grandparents, uncles, aunts, cousins, nieces, nephews, in-laws, and anyone (other than domestic employees) who shares such person's home. A director is an affiliate if the commissioner has a family member who is employed by the company.

<sup>16</sup> A company includes any parent or subsidiary in a group with the company or any entity that merged with, was acquired by, or acquired the company.

<sup>17</sup> Market best practices indicated a five-year standard is appropriate because the unwinding of conflicting relationships between former management and board members is more likely to be complete and final after five years. However, the Benchmark Policy does not apply the five-year look back period to directors who have previously served as executives of the company on an interim basis for less than one year.

<sup>18</sup> Listing Rules.

<sup>19</sup> Chapter 3, Article 21(2)(b), "Board of Directors and Commissioners of Issuers and Public Companies" (No. 33/POJK.04/2014).

<sup>20</sup> In every instance in which a company classifies one of its commissioners as non-independent, that commissioner will be classified as an affiliate by the Benchmark Policy.

<sup>21</sup> Article 1.1, the Capital Market Law.

member on either the board of directors or the board of commissioners. Depending on factors such as company size, industry, and overall governance profile, this recommendation may extend to other members of the nomination committee. In assessing these cases, the Benchmark Policy review considers a company's disclosure regarding its approach to board diversity and may refrain from recommending votes against directors where a clear and reasonable rationale has been provided. Acceptable explanations may include a disclosed timeline for improving board diversity or specific constraints affecting board composition, such as nomination rights held by significant shareholders.

## Independent Commissioners' Board Tenure

For Indonesian companies, OJK regulations stipulate that an independent commissioner may serve up to two service periods of five years each. While companies may affirm a commissioner's independence after ten years of service, the Benchmark Policy reclassifies such a commissioner as non-independent once they have served ten consecutive years.

## Committees of BOC

In accordance with the relevant laws and regulations, every listed company must have an audit committee,<sup>22</sup> while OJK regulations require all publicly traded companies to have a remuneration and nomination committee.<sup>23</sup>

### Audit Committee Performance

Audit committees play an integral role in overseeing the financial reporting process because "vibrant and stable capital markets depend on, among other things, reliable, transparent, and objective financial information to support an efficient and effective capital market process. The vital oversight role audit committees play in the process of producing financial information has never been more important."<sup>24</sup>

When assessing the performance of an audit committee, the Benchmark Policy recognizes that the committee does not prepare financial statements, make key accounting judgments, or conduct audits. Its role is to oversee and monitor the processes and controls undertaken by management and external auditors.

A sound reporting environment is achieved when the three key groups involved in financial oversight, namely the full board including the audit committee, financial management including internal auditors, and external auditors, operate cohesively to ensure responsible disclosure and effective oversight. Within this framework, the audit committee is viewed as first among equals, serving as an extension of the board and acting as the ultimate monitor of the financial reporting process.

---

<sup>22</sup> Article 1.1, the Capital Market Law.

<sup>23</sup> Article 3, Chapter 2, "Nomination and Remuneration Committee of the Issuer or Public Company" (No. 34/POJK.04/2014).

<sup>24</sup> "Audit Committee Effectiveness — What Works Best." PricewaterhouseCoopers. The Institute of Internal Auditors Research Foundation. 2005.

For an audit committee to function effectively on investors' behalf, it must include members with sufficient knowledge to diligently carry out their responsibilities. In its audit and accounting recommendations, the Conference Board Commission on Public Trust and Private Enterprise said, "members of the audit committee must be independent and have both knowledge and experience in auditing financial matters."<sup>25</sup>

The Listing Rules stipulate that the audit committee should have at least three members, one of whom should be an independent commissioner to chair the committee. Additionally, one of the members should be an expert in accounting and/or finance. Other members of the audit committee should be independent and be appointed from outside of the company (they do not have to be commissioners). In addition to reviewing financial information, external auditors, and internal controls, an audit committee should give independent advice to the BOC about statements submitted by the BOD and identify matters thereof.

The Benchmark Policy reviews the following areas and, where warranted, may identify them as issues of concern for specified director(s), with voting recommendations determined based on the severity of the issues:

- The audit committee chair when there are less than three members on the audit committee.
- The audit committee chair if the audit committee does not have a financial expert.
- The audit committee chair if the committee is chaired by a non-independent commissioner.
- The audit committee chair if any external members of audit committee are not considered independent by the Benchmark Policy.
- Any audit committee member who serves as a commissioner not considered independent based the Benchmark Policy.
- All members of an audit committee at a time when material accounting fraud occurred at the company or financial statements had to be restated due to serious material fraud.
- The audit committee chair where fees for non-audit services are greater than audit and audit-related fees paid to the auditor for one financial year.
- All serving members of an audit committee when fees for non-audit services are greater than audit and audit-related fees paid to the auditor for two or more consecutive financial years.
- Any member of the audit committee who is affiliated with a beneficial owner of more than 20% of the company's issued shares.
- The audit committee chair when the audit committee failed to meet a minimum of four times during the previous fiscal year.
- The audit committee chair when the company fails to disclose their proposed auditor at the AGM.
- The audit committee chair when the company fails to disclose the fees paid to the auditor.

## Remuneration Committee Performance

Pursuant to OJK Regulations all companies must constitute a remuneration committee comprising at least three members, with an independent commissioner serving as the committee chair.<sup>26</sup> As this committee is responsible

---

<sup>25</sup> Commission on Public Trust and Private Enterprise. The Conference Board. 2003.

<sup>26</sup> Chapter 2, Article 3, "Nomination and Remuneration Committee of the Issuer of Public Company" (No. 34/POJK.04/2014). While Paragraphs 3 and 4 of Article 3, Chapter 2 of the regulation allow the director overseeing human resources to serve on the remuneration committee, the Benchmark Policy considers it inappropriate for an executive to be a member of this committee.

for evaluating and determining the remuneration of directors and commissioners, the Benchmark Policy considers it inappropriate for executives or employees to serve as committee members due to the potential for conflicts of interest.

Remuneration committees are responsible for overseeing the transparency and integrity of remuneration practices. Their oversight includes ensuring appropriate disclosure of remuneration structures, the performance matrices used to assess pay-for-performance, and the engagement of remuneration consultants. The committee also determines the framework, amounts, and types of remuneration to be paid. Remuneration should reflect the long-term economic performance of the company and align with sustainable shareholder returns. Accordingly, investors benefit from clear and complete disclosure of all material terms of remuneration arrangements to form informed opinions about the committee's effectiveness.

The remuneration committee is also responsible for maintaining robust internal controls within the executive remuneration process. This includes monitoring the accuracy and objectivity of information used to determine remuneration, managing equity award plans, and approving equity grants. Weak internal controls can lead to the use of conflicted or non-independent consultants and to the granting of inappropriate awards such as backdated or spring-loaded options, or bonuses where performance thresholds have not been met.

The Benchmark Policy reviews the following areas and, where warranted, may identify them as issues of concern for specified director(s), with voting recommendations determined based on the severity of the issues:

- Any remuneration committee member who is considered an executive or employee of the company based on the Benchmark Policy.
- The remuneration committee chair if the committee is chaired by a non-independent commissioner.
- All members of the remuneration committee (during the relevant time period) if: (i) the company entered into excessive employment agreements and/or severance agreements; (ii) performance goals were changed (i.e., lowered) when employees failed or were unlikely to meet original goals, or performance-based compensation was paid despite goals not being attained; or (iii) excessive employee perquisites and benefits were allowed.
- The remuneration committee chair if the committee has less than three members.
- The remuneration committee chair if the committee meets less than three times in a year, when the committee is combined with a nomination committee.<sup>27</sup>
- The president commissioner if the company has not established a remuneration committee.

## Nomination Committee Performance

Pursuant to OJK Regulations, all companies must constitute a nomination committee comprising a minimum of three members, with an independent commissioner as chair.<sup>28</sup>

The nomination committee, acting on behalf of shareholders, is responsible and accountable for ensuring that board members are selected based on objectivity and competence. The Benchmark Policy reviews the following

---

<sup>27</sup> Chapter 4, Article 12, "Nomination and Remuneration Committee of the Issuer of Public Company" (No. 34/POJK.04/2014).

<sup>28</sup> Chapter 2, Article 3, "Nomination and Remuneration Committee of the Issuer of Public Company" (No. 34/POJK.04/2014).

areas and, where warranted, may identify them as issues of concern for specified director(s), with voting recommendations determined based on the severity of the issues:

- The nomination committee chair<sup>29</sup> if: (i) the committee is chaired by a non-independent commissioner; (ii) the board of commissioners is not sufficiently independent; (iii) there are more than 20 members on the board of directors or commissioners; (iv) the committee did not meet during the year, but should have (i.e., new directors or commissioners were nominated); (v) the committee renominates a director or commissioner who did not attend any board meetings in the previous fiscal year and does not provide a reason for such re-nomination despite the poor attendance; (vi) the committee re-nominated a director or commissioner who attended less than 75% of the meetings held by the board and/or the committees for two or more consecutive years; (vii) where the nomination committee fails to meet at least three times per year, based on OJK regulations;<sup>30</sup> or (viii) when information regarding director and/or commissioner nominees up for election is either not provided or is ambiguous.
- Any committee member who is considered an executive or employee of the company based on the Benchmark Policy, when the committee is combined with a remuneration committee.
- All members of the nomination committee when the committee nominated or re-nominated an individual who had a significant conflict of interest, or whose past actions demonstrated a lack of integrity or inability to represent shareholder interests.
- The president commissioner if the company has not established a nomination committee.

## Risk Committee Performance

Pursuant to OJK Regulations, banks<sup>31</sup> and insurance companies<sup>32</sup> must constitute a risk monitoring committee comprising a minimum of three members, with an independent commissioner as chair.

The risk committee is responsible for assisting the Board of Commissioners in controlling the implementation of risk monitoring as performed by the Board of Directors and assessing the levels of risk tolerance acceptable by the Bank or Insurance. This committee, if separated from the audit committee, would be responsible for ensuring robust internal control systems to oversee and manage a company's risk profile.

While OJK regulations specify that this committee applies to banks and insurance institutions, companies that voluntarily establish such a committee will be assessed in accordance with the Benchmark Policy. The Benchmark Policy reviews the following areas and, where warranted, may identify them as issues of concern for specified director(s), with voting recommendations determined based on the severity of the issues:

---

<sup>29</sup> When information about the committee chair is not disclosed, investors may consider opposing the committee member with the longest board tenure, as longer-serving members are generally viewed as bearing greater responsibility for committee oversight.

<sup>30</sup> Chapter 4, Article 12, "Nomination and Remuneration Committee of the Issuer of Public Company" (No. 34/POJK.04/2014).

<sup>31</sup> Chapter 3, Article 34, "Implementation of Corporate Governance for Commercial Banks" (No. 55/POJK.03/2016).

<sup>32</sup> Chapter 8, Article 51, "Good Corporate Governance of Insurance Companies" (No. 73/POJK.05/2016).

- The committee should not have any directors, but instead only comprise one commissioner and a financial and risk management expert. The committee should be chaired by an independent commissioner.
- Where there is a failure of risk management, the Benchmark Policy may identify the committee members as having demonstrated insufficient oversight.
- Where a bank or insurance company has not established this committee and has not disclosed that its functions are undertaken by the audit committee or another board committee, the Benchmark Policy may identify the president commissioner as accountable for the absence of appropriate oversight.

## Environmental and Social Risk Oversight

The Benchmark Policy recognizes the importance of ensuring the long-term sustainability of companies' operations and considers that inadequate attention to material environmental and social issues can create legal, financial, regulatory, and reputational risks that may ultimately harm shareholder interests. Companies are therefore expected to monitor and manage such issues appropriately and to maintain a clear oversight framework that mitigates risks and supports long-term value creation.

The Benchmark Policy considers it good governance practice for companies to establish board-level oversight of material risks to their operations, including environmental and social matters. Where material oversight concerns are identified, the Benchmark Policy assesses the company's overall governance structure and determines which directors or committees hold responsibility for oversight of these issues.

Where companies have failed to manage or mitigate environmental or social risks to the detriment of shareholder value, or where such failures have threatened shareholder interests, the Benchmark Policy may identify the directors or committees responsible for oversight as issues of concern. In the absence of explicit board oversight of environmental and social matters, the Benchmark Policy may instead identify the audit committee, risk committee, or other relevant committees. In conducting these assessments, the Benchmark Policy considers the context, the impact on shareholder value, and any corrective measures or responses undertaken by the company.

## Performance

The most meaningful indicator of a board's commitment to the company and its shareholders is reflected in the conduct and decisions of its directors and commissioners. The Benchmark Policy assesses the performance of these individuals in their roles as directors, commissioners, or executives of the company, as well as their track record at other companies where they have served. Where information is available, the Benchmark Policy also reviews how directors or commissioners have voted in their previous board positions.

The Benchmark Policy identifies as an issue of concern any director or commissioner with a record of poor performance in fulfilling responsibilities to shareholders at companies where they have held board or executive positions. The Benchmark Policy reviews the following areas and, where warranted, may identify them as issues of concern for specified director(s), with voting recommendations determined based on the severity of the issues:

- A director or commissioner who fails to attend at least 75% of board meetings, or 75% of the total committee meetings applicable, including those outside of the audit, nomination, remuneration, and risk committees. While in-person attendance is preferred, participation through electronic communication methods such as audio, video, or web conferencing is also considered when evaluating attendance.<sup>33</sup>
- Where companies fail to disclose the complete attendance records of the board of directors and commissioners and its required committees,<sup>34</sup> the Benchmark Policy may identify the president commissioner as accountable for insufficient disclosure.
- A director/commissioner who is also the chief executive of a company where a serious restatement has occurred after the chief executive certified the pre-restatement financial statements.
- In cases where a company's performance has remained consistently below that of its peers and the board has not taken reasonable measures to address the issue; the Benchmark Policy may identify all members of the board as issues of concern.
- A commissioner who serves as a commissioner of more than four other publicly traded companies. Or a commissioner who serves as a director for more than two publicly traded companies while simultaneously serving as a commissioner for more than two other publicly traded companies.<sup>35</sup> Commissioners serving as board chairs in select non-Asian markets, consistent with global policy, are counted as holding two board seats due to the greater time commitment involved.
- A director who serves as a director of more than one other publicly traded companies or simultaneously serving as a commissioner of more than three other publicly traded companies.<sup>36</sup> Directors serving as board chairs in select non-Asian markets, consistent with global policy, are counted as holding two board seats in recognition of the associated time commitments.
- Within groups of related companies, the Benchmark Policy may refrain from identifying directors as issues of concern when they serve on multiple boards, provided contextual factors such as the level of commitment, past attendance, company size, inter-company relationships, industry type, and total overall obligations indicate that the workload remains reasonable.

## Experience

A director's or commissioner's past conduct is often a reliable indicator of their future performance and decision-making. The Benchmark Policy observes that individuals with a record of approving excessive executive

---

<sup>33</sup> However, if a director or commissioner has served for less than one full year, the Benchmark Policy will not generally identify them as an issue of concern for failing to attend 75% of meetings. Instead, the Benchmark Policy will note the absence and monitor the matter in subsequent periods. The Benchmark Policy also does not identify directors or commissioners as issues of concern when meeting absences are due to serious illness, extenuating circumstances, or potential conflicts of interest, where such reasons are clearly disclosed in the proxy materials.

<sup>34</sup> The required committees will primarily be the audit, nomination, and remuneration committees. The risk committee will be required for bank and insurance companies.

<sup>35</sup> Chapter 3, Article 24, "Board of Directors and Commissioners of Issuers and Public Companies" (No. 33/POJK.04/2014). <sup>39</sup> Chapter 2, Article 6, "Board of Directors and Commissioners of Issuers and Public Companies" (No. 33/POJK.04/2014).

<sup>36</sup> Chapter 2, Article 6, "Board of Directors and Commissioners of Issuers and Public Companies" (No. 33/POJK.04/2014).

compensation or serving on boards that have experienced significant and avoidable governance failures frequently appear on boards of companies exhibiting similar patterns.

The Benchmark Policy may identify directors or commissioners as issues of concern if they have served on board or as executives of companies with a record of poor performance, excessive executive compensation, audit or accounting irregularities, or other indicators of mismanagement or actions contrary to shareholder interests.

## Conflict of Interest

In addition to the three key characteristics—independence, performance, and experience—used to evaluate commissioners, the Benchmark Policy also considers the following governance factors when conducting its analysis. Regardless of the overall proportion of independent commissioners on the board, the Benchmark Policy considers that a board should be entirely free of individuals who hold identifiable and substantial conflicts of interest. Accordingly, the Benchmark Policy may identify the following types of affiliated or inside commissioners as issues of concern under most circumstances.

- A commissioner who has an immediate family member providing material professional services at any time during the past three years, including legal, consulting, or financial services to the company. The Benchmark Policy considers that commissioners receiving such payments or benefits from the company may face conflicting interests that could compromise objective decision-making. Given the limited number of board positions and the available pool of qualified candidates, boards are expected to appoint individuals who can represent shareholder interests without conflicts. A commissioner who has been employed by the company or its subsidiaries within the past five years is not considered independent.
- A commissioner who has an immediate family member engaging in transactions such as airplane, real estate, or other similar arrangements, including perquisite-type benefits from the company. The Benchmark Policy considers that such arrangements can create conflicts of interest and hinder the commissioner's ability to exercise objective oversight on behalf of shareholders.

## Board Size

Pursuant to OJK regulations, boards of directors and commissioners are required to have no fewer than two members.<sup>37</sup> While there is no prescribed limit on the maximum size of a board, the Benchmark Policy considers that boards with more than 20 members may face challenges in achieving effective deliberation, consensus, and timely decision-making. Excessively large boards can dilute individual participation and make it more difficult to utilise the collective experience and judgment of members.

Accordingly, the Benchmark Policy may identify the nomination committee chair as an issue of concern when the board of directors or commissioners comprises more than 20 members. Where a company does not have a

---

<sup>37</sup> Chapter 1, Article 2 and Chapter 3, Article 20, "Board of Directors and Commissioners of Issuers and Public Companies" (No. 33/POJK.04/2014).

nomination committee, the Benchmark Policy may instead identify the president commissioner as accountable for excessive board size.

## Board Evaluation and Refreshment

The Benchmark Policy supports routine evaluation of directors and commissioners, including independent external reviews, as well as periodic board refreshment to promote diverse perspectives and the development of new ideas and strategies. Boards are expected to assess their composition based on the skills and experience required by the company and the outcomes of director evaluations, rather than relying solely on age or tenure limits. Shareholders may address concerns regarding board composition through director elections where necessary.

Director and commissioner experience is often valuable to shareholders given the complex and strategic issues that boards must address. However, the Benchmark Policy recognizes that in limited circumstances, insufficient refreshment may contribute to reduced board responsiveness to weak company performance. Term or age limits may occasionally serve as mechanisms for turnover where boards are reluctant to renew membership. Some shareholders support such measures to facilitate change in these situations.

While age limits can assist with succession planning, they may also constrain the service of experienced and capable board members through arbitrary restrictions. The Benchmark Policy considers that shareholders are best served when monitoring the board's overall composition, including diversity of skills, alignment with company strategy, approach to governance, and record of stewardship, rather than through rigid criteria that do not necessarily enhance shareholder value.

If a board adopts term or age limits, it is expected to adhere to them consistently. Where such limits are waived without sufficient explanation, such as in connection with a major corporate transaction, the Benchmark Policy may identify the nominating or governance committee as an issue of concern.

## Initial Public Offering

Where a company has recently completed an initial public offering (IPO) and become listed on the stock exchange, the Benchmark Policy provides an exemption from guideline application for the first financial year or 12 months from the IPO date, whichever is longer.

This exemption may be reviewed on a case-by-case basis if the company or its board members are subject to serious regulatory investigations or actions, or if there are significant concerns regarding overall corporate governance practices.

# Transparency and Integrity in Financial Reporting

## Accounts and Reports

In Indonesia, companies are required to submit annual reports and financial statements for shareholder approval, and such approval is necessary for these documents to be legally valid. The Benchmark Policy generally supports these proposals except for where concerns exist regarding the integrity or reliability of the statements or reports.

Where the audited financial statements have not been made available, the Benchmark Policy considers that shareholders lack sufficient information to make an informed decision. In such cases, the Benchmark Policy may not support the approval of this agenda item.

## Allocation of Profits/Dividends

In Indonesia, companies routinely seek shareholder approval for the allocation of income. It is, however, common for companies not to disclose the proposed dividend amount for the most recently completed financial year. Despite this, market practice generally supports a company's discretion in determining its dividend policy or decision to retain earnings, provided there are no indications of poor governance or misuse of capital.

The Benchmark Policy considers that, in most cases, the board is best positioned to determine whether the company has adequate resources to distribute a dividend or whether it would be more prudent to retain earnings for future opportunities or operational needs. Accordingly, the Benchmark Policy generally supports dividend proposals and may refrain from supporting them only in exceptional circumstances.

## Appointment of Auditors and Authority to Set Fees

Auditors play a critical gatekeeping role in maintaining the integrity and transparency of financial information, which underpins shareholder confidence and informed investment decisions. Shareholders depend on auditors to conduct rigorous, independent reviews of company accounts to ensure that disclosures are accurate, complete, and fairly represent the company's financial position. Reliable financial reporting enables shareholders to assess a company's fiscal health and make rational investment decisions.

The Benchmark Policy considers that shareholders should expect auditors to be objective, competent, and diligent, performing to or above professional standards. Auditors, like directors, should remain free from conflicts of interest and avoid any situation that may compromise their independence. Shareholders should also have the opportunity to review auditor performance and ratify the appointment of external auditors on an annual basis.

When auditor ratification is presented for shareholder approval, the Benchmark Policy generally supports the board's selection unless concerns exist regarding auditor independence or the integrity of the audit process.<sup>38</sup> Where there have been material restatements of financial statements or identified weaknesses in internal controls, the Benchmark Policy may not support the auditor's reappointment. If audited financial statements have not yet been disclosed, the Benchmark Policy bases its assessment on the most recently available audited financials. The Benchmark Policy does not attribute responsibility to the external auditor for any reporting delays or deficiencies that are the result of company-specific non-compliance.

The Benchmark Policy may withhold support for the ratification of an auditor for the following reasons:

- The company fails to disclose the name of their proposed auditor for the upcoming fiscal year.
- Recent material restatements of annual financial statements have been made, including those resulting in the reporting of material weaknesses in internal controls and including late filings by the company where the auditor bears some responsibility for the restatement or late filing.
- The company has aggressive accounting policies evidenced by restatements or other financial reporting problems.
- The company has poor disclosure or lack of transparency in its financial statements.
- The auditor has limited its liability through its contract with the company.
- Other relationships or concerns with the auditor suggest a conflict between the auditor's interests and shareholder interests.
- The company failed to disclose the auditors' fees paid for the previous fiscal year or a breakdown thereof.
- The audit and audit-related fees total 50% or less of the overall fees billed by the auditor.

It is not customary in Indonesia for companies to disclose the name of the independent auditor proposed for the next fiscal year. Where the proposed auditor is disclosed, the Benchmark Policy generally supports the board's selection, except in cases where concerns exist regarding the auditor's independence or the integrity of the audit process. It is noted that non-audit services that independent external audit firms may provide are limited under the regulations from the Ministry of Finance.<sup>39</sup>

---

<sup>38</sup> If the auditor's ratification is not submitted for shareholder approval and significant concerns exist regarding the auditor's independence or performance, investors may consider opposing the election of audit committee members.

<sup>39</sup> Chapter 12, Article 38, "Guidance and Oversight of Public Accountants" (No. 154/PMK.01.2017).

# The Link Between Compensation and Performance

## Remuneration of BOD and BOC

The Benchmark Policy recognizes that non-employee board members should receive appropriate compensation for the time and effort dedicated to serving on the board and its committees. Compensation structures that include option grants or other equity-based awards can help align the interests of non-executive members with those of shareholders. However, fees should remain reasonable to attract and retain qualified individuals while avoiding levels that could compromise objectivity or independence.

Indonesian companies generally seek shareholder approval for the total remuneration to be paid to both boards of directors and commissioners. In many cases, the proposed fees are not fully disclosed, and compensation disclosure tends to lack transparency. Detailed individual disclosures remain uncommon, and remuneration figures for directors and commissioners are often presented as aggregated totals. Accordingly, the Benchmark Policy reviews a company's recent compensation practices when assessing whether to support proposals granting authority to determine remuneration for the following year.

When assessing remuneration-related proposals, the Benchmark Policy considers the following criteria:

- The level of detailed breakdown of fees being paid to each different Board (Board of Directors and Board of Commissioners).
- If disclosed, the comparison of sitting fees and bonus being paid to Commissioners of the company.
- The overall quantum of remunerations being paid relative to similar sized companies in the same industry.

In line with Indonesia's corporate governance roadmap, companies are expected to enhance disclosure by providing more comprehensive details of remuneration payable to both directors and commissioners.

## Equity-Based Compensation

The Benchmark Policy recognizes that equity compensation awards, when appropriately structured, can serve as an effective tool for retaining employees and incentivizing performance that enhances company value.

Equity-based compensation programs differ significantly from cash or bonus plans, and their evaluation therefore requires both quantitative and qualitative analysis. The Benchmark Policy considers factors such as plan administration, the method and terms of exercise, and any explicit or implied rights to reprice awards. In addition, the analysis reviews potential shareholder dilution, the company's historical grant practices, and adherence to prevailing market and governance standards.

Option plans are evaluated according to the following overarching principles:

- Authorizations for additional shares only where there is a clear and demonstrated need.
- Proportional size.

- Re-pricing of stock options is not permitted.
- Administrative and payment terms are expected to be clearly defined and not excessively permissive.

As a general principle, the Benchmark Policy does not support granting performance-linked compensation to individuals responsible for supervisory functions, as commissioners are expected to hold the same type of securities as ordinary shareholders. Accordingly, the Benchmark Policy may not support proposals that make commissioners eligible to participate in performance-linked compensation plans.

When reviewing equity-based compensation proposals, the Benchmark Policy expects companies to provide comprehensive disclosure regarding proposed equity grants. In the absence of sufficient disclosure, the Benchmark Policy may not support the adoption of equity-based compensation plans or the granting of equity awards. In recognition of prevailing practices among Indonesian companies, the Benchmark Policy evaluates general authorities to grant awards under equity compensation plans in the following manner:

- For proposals seeking to grant awards within the general limits of an existing plan or plans where the proposed grant size is not disclosed, the Benchmark Policy will review the prior year's grants to infer a potential grant size for the current financial year. The Benchmark Policy may not support proposals to grant additional equity awards if the estimated grants exceed 2% of the company's issued share capital at the time of the general meeting.
- Where companies with existing plans propose the adoption of a new plan, the Benchmark Policy will review whether grants made in the preceding two years exceeded 2% of the company's issued share capital on an annual basis. If such grant histories are identified, the Benchmark Policy may not support the adoption of a new equity compensation plan unless the proposed plan includes a commitment to limit annual grants to less than 2% of issued share capital.
- Where companies that previously did not have equity compensation plans propose adopting one for the first time, the Benchmark Policy will evaluate the qualitative elements of the proposed plan to guide its assessment.

The Benchmark Policy may not support the granting of equity-based compensation awards where:

- The exercise price or discount rate of stock options is determined at the discretion of the plan administrator.
- The exercise price discount for stock options exceeds 20% of the market price.
- The maximum vesting period is less than two years unless vesting occurs immediately after a minimum two-year performance period.
- The equity-based compensation plans include the acceleration of vesting of awards upon an offer being made on a company's shares without the transaction needing to be completed, along with a further event such as termination of employment of the grantee. However, the Benchmark Policy may take into consideration the acceleration of vesting of awards, provided the vesting is in conjunction with the achievement of performance targets as at the time of the transaction leading to a change in control.

The Benchmark Policy may not support proposals to grant individual equity awards under the following circumstances:

- The number of shares options or shares to be granted has not been disclosed by the company.
- Issue of concerns identified within the plan or plans the awards are being granted under.

- If an individual's grant or the combined grant size for several individuals exceeds 2% of a company's issued share capital.

# Governance Structure, Capital Management, & the Shareholder Franchise

## Amendments to the Articles of Association

The Benchmark Policy evaluates proposed amendments to a company's articles of association or charter on a case-by-case basis. The Benchmark Policy does not support the practice of bundling multiple amendments under a single proposal, as doing so may compel shareholders to approve changes they might otherwise oppose if presented separately. In such instances, each amendment is assessed individually, and overall support is determined based on whether, on balance, the amendments collectively serve the best interests of shareholders.

## Dividend Reinvestment (or Scrip Dividend) Plans

The Benchmark Policy supports dividend reinvestment plans that allow shareholders the option to receive dividends in stock rather than cash. For companies, stock dividends can provide tax advantages and allow for greater retention of earnings. For shareholders, these plans offer a cost-effective means of increasing their holdings, as they typically avoid brokerage fees and taxes associated with regular stock transactions. The share price under such plans is generally based on an average market price, which is often lower than the prevailing market price on the stock exchange.

## Issuance of Shares and/or Convertible Securities

Issuing an excessive number of additional shares or convertible securities can dilute the interests of existing shareholders. Accordingly, where the company does not clearly disclose the intended use of the proposed shares, or where the number of shares requested significantly exceeds the amount required for identified purposes, the Benchmark Policy may not support the authorization of additional shares.

The Benchmark Policy recognizes the importance of companies maintaining sufficient authorized capital to pursue business opportunities and operate effectively. However, for significant transactions, the Benchmark Policy considers it preferable that management seek shareholder approval with clear justification for the use of additional shares, rather than requesting broad authority for a large pool of unallocated shares that could be used for unspecified purposes.

## Without Preemptive Rights

The Benchmark Policy considers that, unless a board provides a compelling rationale, any authorization to issue shares or convertible securities without preemptive rights should generally not exceed 20% of the company's total share capital. Similarly, the Benchmark Policy views a discount rate exceeding 15% of the average market price as inappropriate for new issuances.

Under OJK regulations, share issuances without preemptive rights are generally limited to 10% of issued share capital. However, companies may exceed this threshold when the issuance is intended to improve the company's financial position. In such cases, the Benchmark Policy observes a 20% limit, unless a specific and well-justified circumstance warrants a higher level of issuance.

In addition, OJK Regulation No. 15/POJK.04/2022 on Stock Split and Reverse Stock of Publicly Listed Companies, enacted by the Ministry of Law and Human Rights on August 22, 2022, restricts issuers from conducting a stock split or reverse stock within 24 months following an initial public offering (IPO) and within 12 months after a rights issue, private placement, or merger. The regulation further prohibits issuers from increasing capital through a rights issue after a stock split or reverse stock, except where the transaction is undertaken for financial recovery purposes.

## Repurchase of Shares

Companies may seek authorization to repurchase their own shares for various purposes, including supporting the share price, distributing excess cash to shareholders, or providing shares for equity-based compensation plans. Share repurchases may also be used to offset the dilution of earnings resulting from the exercise of stock options.

The Benchmark Policy may support proposals to authorize share repurchases when the plan includes the following provisions:

- (i) a maximum number of shares which may be purchased.
- (ii) a reasonable maximum price which may be paid for each share (as a percentage of the market price); and
- (iii) a reasonable term with an expiration date. However, per OJK regulations, repurchase prices tend to not exceed the average of the closing price of a company's shares in the preceding 90 days prior to the date of the share repurchase.<sup>40</sup>

## Stock Split

The Benchmark Policy evaluates the appropriateness of a stock split using three primary metrics: (i) the company's historical pre-split share price, if applicable; (ii) the current share price relative to the most common trading range over the preceding 52 weeks; and (iii) absolute price thresholds that indicate whether a stock split

---

<sup>40</sup> Chapter 3, Article 11, "Buyback of Shares Issues by the Publicly Traded Company." (No. 30/POJK.04/2017).

would be reasonable or unwarranted based on prevailing market conditions and management's stated objectives.

OJK Regulation No.15/POJK.04/2022 regarding Stock Split and Reverse Stock Split of Publicly Listed Companies was enacted by the Indonesian Ministry of Law and Human Rights on August 22, 2022. The new regulation prohibits the issuer from conducting a stock split and reverse stock-split within 24 months after the Initial Public Offering (IPO) and 12 months after a rights issue, private placement, or merger takes place. As such, these prohibitions will also be considered in arriving at the Benchmark Policy vote recommendations.

## Multi-Class Share Structures

The Benchmark Policy considers that multi-class voting structures are generally not in the best interests of common shareholders. A one-share, one-vote structure serves as a safeguard by allowing all shareholders, including those with minority holdings, to participate equitably in matters presented for shareholder approval.

The Benchmark Policy further considers that the economic ownership of each shareholder should correspond proportionally to their voting power, and that no group of shareholders—family or otherwise—should possess differential voting rights. On matters of governance and shareholder rights, decision-making power should not be concentrated among a limited group for reasons unrelated to economic ownership.

A multi-class share structure is viewed as a negative governance feature, as it may entrench control and reduce accountability to minority shareholders. The Benchmark Policy generally supports proposals seeking to eliminate multi-class share structures and may not support proposals introducing new classes of common stock.

In evaluating governance arrangements following an initial public offering (IPO) or spin-off within the preceding year, the Benchmark Policy includes the presence of multi-class share structures as a factor when assessing whether shareholder rights are being permanently limited.

When reviewing voting outcomes at companies with multi-class share structures, the Benchmark Policy examines the level of approval or opposition expressed by unaffiliated shareholders to assess whether board responsiveness is warranted. Where results indicate strong unaffiliated shareholder support for a shareholder proposal or opposition to a management proposal, the Benchmark Policy expects the board to demonstrate an appropriate level of responsiveness.

As provided under the Indonesian Financial Service Authority Rule No.22/POJK.04/2021 that went into effect on December 2, 2021,<sup>41</sup> companies that fulfil certain criteria may seek listing by adoption of multiple classes of shares with differential voting rights. Additionally, Indonesian companies may create new share classes with different nominal values and issue shares from those new share classes, so long as a company's shares are trading below the nominal value of other existing share classes. However, where such classes of shares are created, the rights attached may not be different from existing share classes, nor can the nominal value of the existing share classes be converted into the share classes with the new nominal value.<sup>42</sup>

---

<sup>41</sup> The Indonesian Financial Service Authority Rule No.22/POJK.04/2021, "Implementation of Multi-class Voting Structures"

<sup>42</sup> Chapter 2, Articles 3 and 4, "Issuance of Shares with Different Nominal Value" (No. 31/POJK.04/2017).

It is also noted that among companies where the Indonesian Government is the controlling or major shareholder, companies have a separate share class of Series A or “Dwiwarna Shares.” This class of shares may confer the right to the Government to appoint directors and/or commissioners.<sup>43</sup>

## Corporate Guarantees

Companies may seek shareholder approval to provide corporate guarantees to subsidiaries or associate companies. When such proposals are presented, the Benchmark Policy evaluates them based on several factors, including the rationale for providing the guarantee, the financial position of the guarantor and the beneficiary entity, the size of the guarantee relative to company assets, and any potential risks to minority shareholders:

- The overall disclosure in relation to the corporate guarantees.
- The relationship between the company providing the corporate guarantees and those entities receiving the corporate guarantees.
- The benefits for the provision of guarantees to the company itself and its shareholders, to ensure that the provision of guarantees will not only benefit select major shareholders.
- The size of the corporate guarantees compared to a company’s net assets; and/or
- The rationale for the provision of guarantees.

The Benchmark Policy may not support proposals to provide corporate guarantees where companies do not disclose the number of guarantees they intend to grant. This approach may also apply when the company and the guaranteed entity share only common directors or shareholders without an equity relationship between them.

For entities controlled by a company where the number of corporate guarantees is disclosed, the Benchmark Policy assesses the aggregate size of proposed and existing guarantees as a percentage of the company’s audited net assets, based on the most recent audited financial statements. Where the total of proposed and existing guarantees is less than 100% of audited net assets, the Benchmark Policy may support the provision of corporate guarantees. Conversely, where the total exceeds 100% of audited net assets, the Benchmark Policy may not support such proposals.

## Material Transaction

Pursuant to OJK regulations, as a general principle, any transaction valued at 20% or more of a company’s equity will be deemed as a material transaction. Such a general threshold is calculated based on the most recently available audited annual financial statements, quarterly financial statements (limited review or audited) or other audited interim financial statements.<sup>44</sup>

The transactions categorized as material transactions may include:

- Participation in business entities, projects, and/or certain business activities.

---

<sup>43</sup> Part 5, Article 53, Limited Company Law No. 40, 2007.

<sup>44</sup> Regulation of Financial Services Authority, Republic of Indonesia, Number 17/POJK.04/2020 on Material Transactions and Change of Business Activity.

- Purchase, sale, transfer, use, exchange of assets or operating segments.
- Acquisition, release and/or use of services.
- Asset leasing.
- Funds lending and borrowing, including a transfer thereof.
- Collateralizing assets of a public company and/or controlled company for securing loans from other parties; and providing corporate guarantees.

For the following types of transactions, the Benchmark Policy evaluates the adequacy of disclosure and supporting documentation, such as valuation reports, fairness opinions, and feasibility studies. The assessment also considers the rationale provided for the proposed transaction and whether it is expected to deliver an overall benefit to the company.

For a more complete guidelines on approach for these transactions that are categorized as material, especially those that might have a potential change of control in the Company, please refer to [Approach to Financial Transactions](#) guideline.

## Related Party Transactions

In Indonesia, the related party transactions are regulated by regulation No.42/POJK.04/2020 on the Affiliated Party Transactions and the Conflict-of-Interest Transactions. Publicly listed companies that will carry out a particular Affiliated Party Transaction shall obtain the Independent Shareholders' approval in the General Meetings of Shareholders ("GMS") of the publicly listed companies, except for the purpose of business revenue and carried out routinely, additionally transactions that is considered to have an inherent conflict of interest will require additional supporting documents in its disclosure to the IDX such as opinion of the independent valuers.

The Benchmark Policy evaluates proposed related party transactions (RPTs) on a case-by-case basis. In the absence of transactions indicating egregious or illegal conduct that could harm shareholder value, the Benchmark Policy generally supports management's decision to enter an RPT. When assessing such transactions, the Benchmark Policy applies the following general principles:

- Transactions must be part of the company's ordinary course of business.
- Clear disclosure regarding the proposed transactions, including relationships between the parties, descriptions of the transactions, review procedures and length of time must be provided, along with disclosure that interested parties must refrain or abstain on voting for such transactions. Where transaction terms are only partially disclosed or where no details are provided, investors may consider opposing the proposed general mandate due to insufficient transparency.
- For transactions involving a major shareholder, entities affiliated with a major shareholder, or entities with overlapping directors, the transaction(s) must be related to or necessary for the ordinary day-to-day operations of the company.
- Where the transaction is between a parent company and/or fellow subsidiary or controlled subsidiary, the transaction will generally be supported unless the transaction is not part of the day-to-day operations of a company.

For related party transactions outside the scope of a general mandate, the Benchmark Policy applies its established principles in evaluating the merits of the proposed transaction. Where appropriate, the Benchmark

Policy expects companies to disclose the opinion of an independent financial adviser when such disclosure is required.

## Transaction of Other Business

The Benchmark Policy does not support granting management discretionary authority to vote on unspecified business items that may arise during the annual meeting. Providing such broad discretion is generally considered inconsistent with good governance practice.

# Overall Approach to Environmental, Social & Governance

The Benchmark Policy evaluates all environmental and social issues through the lens of long-term shareholder value. Shareholders are best served when companies consider material environmental and social factors in all aspects of their operations and when they are provided with disclosures that allow them to understand how these factors are being considered and how attendant risks are being mitigated. Governance is a critical factor in how companies manage environmental and social risks and opportunities and the Benchmark Policy is of the view that a well-governed company will be generally managing these issues better than one without a governance structure that promotes board independence and accountability.

Part of the board's role is to ensure that management conducts a complete risk analysis of company operations, including those that have financially material environmental and social implications. Companies can face significant financial, legal and reputational risks resulting from poor environmental and social practices, or negligent oversight thereof. Therefore, in cases where the board or management has neglected to take action on a pressing issue that could negatively impact shareholder value, the Benchmark Policy promotes companies taking necessary actions in order to effect changes that will safeguard shareholders' financial interests.

Given the importance of the role of the board in executing a sustainable business strategy that allows for the realization of environmental and social opportunities and the mitigation of related risks, relating to environmental risks and opportunities, the Benchmark Policy seeks to promote governance structures that protect shareholders and promote director accountability. When management and the board have displayed disregard for environmental or social risks, have engaged in egregious or illegal conduct, or have failed to adequately respond to current or imminent environmental and social risks that threaten shareholder value, the Benchmark Policy will consider holding directors accountable. In such instances, it will generally recommend against responsible members of the board that are specifically charged with oversight of the issue in question.

When evaluating environmental and social factors that may be relevant to a given company, the Benchmark Policy does so in the context of the financial materiality of the issue to the company's operations. Companies in all industries face risks associated with environmental and social issues. However, these risks manifest themselves differently at each company as a result of its operations, workforce, structure, and geography, among other factors. Accordingly, the Benchmark Policy places a significant emphasis on the financial implications of a company's actions with regard to impacts on its stakeholders and the environment.

When evaluating environmental and social issues, the Benchmark Policy examines companies':

**Direct environmental and social risk** — Companies should evaluate financial exposure to direct environmental risks associated with their operations. Examples of direct environmental risks include those associated with oil or gas spills, contamination, hazardous leakages, explosions, or reduced water or air quality, among others. Social risks may include non-inclusive employment policies, inadequate human rights policies, or issues that adversely affect the company's stakeholders. Further, firms should consider their exposure to risks emanating from a broad range of issues, over which they may have no or only limited control, such as insurance companies being affected by increased storm severity and frequency resulting from climate change.

**Risk due to legislation and regulation** — Companies should evaluate their exposure to changes or potential changes in regulation that affect current and planned operations. Regulation should be carefully monitored in all jurisdictions in which the company operates. The Benchmark Policy looks closely at relevant and proposed legislation and evaluates whether the company has responded proactively.

**Legal and reputational risk** — Failure to take action on important environmental or social issues may carry the risk of inciting negative publicity and potentially costly litigation. While the effect of high-profile campaigns on shareholder value may not be directly measurable, it is prudent for companies to carefully evaluate the potential impacts of the public perception of their impacts on stakeholders and the environment. When considering investigations and lawsuits, the Benchmark Policy is mindful that such matters may involve unadjudicated allegations or other charges that have not been resolved. The Benchmark Policy will not assume the truth of such allegations or charges or that the law has been violated. Instead, it focuses more broadly on whether, under the particular facts and circumstances presented, the nature and number of such concerns, lawsuits or investigations reflects on the risk profile of the company or suggests that appropriate risk mitigation measures may be warranted.

**Governance risk** — Inadequate oversight of environmental and social issues carries significant risks to companies. When leadership is ineffective or fails to thoroughly consider potential risks, such risks are likely unmitigated and could thus present substantial risks to the company, ultimately leading to loss of shareholder value.

## Sustainable Finance in Indonesia

OJK Regulation No. 51/POJK.03/2017 on the Application of Sustainable Finance to Financial Services Institutions, Issuers, and Publicly Listed Companies requires financial institutions and listed companies to prepare sustainable finance action plans, sustainability reports, and reports on the allocation of corporate social responsibility (CSR) funds. The regulation outlines reporting structures and timelines for compliance and, while not mandating adherence to specific international standards, references the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) frameworks in certain reporting sections.

# Connect with Glass Lewis

Corporate Website | [www.glasslewis.com](http://www.glasslewis.com)

Email | [info@glasslewis.com](mailto:info@glasslewis.com)

Social | [!\[\]\(7e46b98862b032bac4dfd70e25da77c3\_img.jpg\) Glass, Lewis & Co.](#)

## Global Locations

### North America

#### United States

*Headquarters*

100 Pine Street, Suite 1250  
San Francisco, CA 94111  
+1 415 678 4110

New York, NY  
+1 646 606 2345

2323 Grand Boulevard, Suite 1125  
Kansas City, MO 64108  
+1 816 945 4525

#### Canada

65 Front Street East, Suite 201  
Toronto, ON M5E 1B5

### Asia Pacific

#### Australia

*CGI Glass Lewis*  
Suite 5.03, Level 5  
255 George Street  
Sydney NSW 2000  
+61 2 9299 9266

#### Japan

Shinjuku Mitsui Building, 11th floor  
2-1-1, Nishi-Shinjuku, Shinjuku-ku,  
Tokyo 163-0411, Japan

#### Philippines

One Ayala East Tower, 1 Ayala Ave  
Makati, Metro Manila

### Europe

#### Ireland

15 Henry Street  
Limerick V94 V9T4  
+353 61 534 343

#### United Kingdom

80 Coleman Street  
Suite 4.02  
London EC2R 5BJ  
+44 20 7653 8800

#### France

*Proxinvest*  
6 Rue d'Uzès  
75002 Paris  
+33 (1) 45 51 50 43

#### Germany

*IVOX Glass Lewis*  
Kaiserallee 23a  
76133 Karlsruhe  
+49 721 35 49622

#### Romania

Calea Aradului 11  
Timișoara 300254

#### Sweden

Norrskan House  
Birger Jarlsgatan 57C  
113 56 Stockholm

## DISCLAIMER

© 2026 Glass, Lewis & Co., and/or its affiliates. All Rights Reserved.

This document is intended to provide an overview of Glass Lewis' proxy voting guidelines. It is not intended to be exhaustive and does not address all potential voting issues. Glass Lewis' proxy voting guidelines, as they apply to certain issues or types of proposals, are further explained in supplemental guidelines and reports that are made available on Glass Lewis' website – <http://www.glasslewis.com>. These guidelines have not been set or approved by the U.S. Securities and Exchange Commission or any other regulatory body. Additionally, none of the information contained herein is or should be relied upon as investment advice. The content of this document has been developed based on Glass Lewis' experience with proxy voting and corporate governance issues, engagement with clients and issuers, and review of relevant studies and surveys, and has not been tailored to any specific person or entity.

Glass Lewis' proxy voting guidelines are grounded in corporate governance best practices, which often exceed minimum legal requirements. Accordingly, unless specifically noted otherwise, a failure to meet these guidelines should not be understood to mean that the company or individual involved has failed to meet applicable legal requirements.

No representations or warranties express or implied, are made as to the accuracy or completeness of any information included herein. In addition, Glass Lewis shall not be liable for any losses or damages arising from or in connection with the information contained herein or the use, reliance on, or inability to use any such information. Glass Lewis expects its subscribers possess sufficient experience and knowledge to make their own decisions entirely independent of any information contained in this document.

All information contained in this report is protected by law, including, but not limited to, copyright law, and none of such information may be copied or otherwise reproduced, repackaged, further transmitted, transferred, disseminated, redistributed or resold, or stored for subsequent use for any such purpose, in whole or in part, in any form or manner, or by any means whatsoever, by any person without Glass Lewis' prior written consent. The foregoing includes, but is not limited to, using these guidelines, in any manner and in whole or in part, in connection with any training, self-improving, or machine learning software, algorithms, hardware, or other artificial intelligence tools or aids of any kind, including, without limitation, large language models or other generative artificial intelligence platforms or services, whether proprietary to you or a third party, or generally available (collectively, "AI") as well as any services, products, data, writings, works of authorship, graphics, pictures, recordings, any electronic or other information, text or numerals, audio or visual content, or materials of any nature or description generated or derived by or using, in whole or in part, AI.