



## Good Corporate Governance

### Basic Principles Good Corporate Governance

PT Metrodata Electronics Tbk implements the principles and practices of good corporate governance in a consistent manner. The Company is ever strengthening its infrastructure to conduct best practices, and adjusting the relevant systems and procedures to foster effective corporate governance. There are four basic principles that serve as a guideline for every measure taken by the Company's Management or employees on all levels of the organization. These four basic principles are:

#### **Transparency**

Transparency is a commitment to ensuring the availability of material information to be accessed by the stakeholders. This information may include the Company's financial position, the management, and the ownership structure. Such information must be made available in an accurate, clear, and timely manner.

#### **Accountability**

Accountability ensures the presence of mechanisms, roles and responsibilities needed for the professional management of the Company upon all the decisions and policies that are taken and that affect the Company's operational activities.

#### **Responsibility**

Responsibility provides a clear explanation of the roles of each party in achieving the common goals, and ensures that all relevant regulations and social norms have been adhered to.

#### **Fairness**

Fairness ensures that all decisions and policies implemented are aligned with the interest of the stakeholders, including the customers, vendors, shareholders, investors, and the general public.

## General Meeting of Shareholders

The General Meeting of Shareholders (GMS) is the highest organ within the governance structure of PT Metrodata Electronics Tbk. The GMS retains an authority not given to other organs within the governance structure, specifically, the authority to determine the Company's long-term direction and to appoint and dismiss members of its Board of Commissioners and Directors.

Decisions and resolutions made by the shareholders at the GMS may be obtained by means of deliberation for consensus. Should this fail to arrive at a resolution, decision will be made by voting, provided that the votes which agree to the resolution being deliberated exceed one half of the total votes issued legally by the GMS, unless otherwise determined in the Articles of Association.

In 2022, the Company held one GMS, i.e., the Annual GMS (AGMS) on 2 June 2022.

The summary of schedules and resolutions of the AGMS are as follows:

- Announcement Date: 26 April 2022
- Shareholders Summons Date: 11 May 2022
- GMS Implementation Date: 2 June 2022
- GMS Resolutions Publication Date: 6 June 2022

The AGMS was attended by:

- Vice President Commissioner and an Independent Commissioner.
- President Director and two other Directors.
- One Director attended the AGMS online.
- Representatives of 10,853,528,960 shares (88.406%) of all issued and fully paid shares in the Company.

### Annual GMS Resolutions

1. i) Approved the 2021 Annual Report, including reports from the Directors, supervisory report from the Board of Commissioners, as well as audited financial statements for FY 2021.

ii) With the approval of the 2021 Annual Report, provided full acquittal and discharge of responsibilities (*acquitt et decharge*) to all members of the Directors of the Company for their management actions and to all members of the Board of Commissioners of the Company for their supervisory actions during FY 2021.

2. i) Approved and ratified the Company's Net Profit for FY 2021 amounting to Rp508,882,529,302;

ii) Approved and ratified the use of the Company's Net Profit for FY 2021 as follows:

a) As much as Rp128,907,288,142.5 or 25.3% of the Company's Net Profit for FY 2021 as cash dividend that will be distributed to the Shareholders owning 12,276,884,585 shares, with each share to receive Rp10.5 in cash. Upon receipt of dividends, cash will be taxed in accordance with the provisions of the applicable tax laws. The procedure and schedule for the distribution of cash dividends is announced in a Newspaper.

b) The remaining Rp379,975,241,159.5, which made up 74.7% of the Company's Net Profit for FY 2021 is to be allocated as the Company's Retained Earnings.

iii) Granted power and authority to the Directors of the Company to carry out any and all actions in accordance with the above-mentioned resolution including but not limited to further discussion regarding the procedures for the distribution of such Cash Dividends.

3. i) Appointed Tanudiredja, Wibisana, Rintis & Rekan Public Accounting Firm – PricewaterhouseCoopers and its successor or replacement to conduct an audit for FY 2022.

ii) Approved to grant authority to the Directors of the Company to determine the honorarium for the Public Accounting Firm.

4. i) Determined and approved the honorarium and other benefits of the members of the Board of Commissioners of the Company amounting to Rp3,510,000,000 per year gross for all members of the Board of Commissioners of the Company.

ii) Authorized the Board of Commissioners of the Company as the nomination and remuneration committee to determine the salaries and benefits of members of the Company's Directors and other facilities.

### **Implementation of the 2022 AGMS Resolutions**

The resolutions of the 2022 AGMS that required follow-up outside of the meeting mechanism had been fully implemented by the Company's Management in that same year.

### **Implementation of the 2021 AGMS & EGMS Resolutions**

The resolutions of the 2021 AGMS and EGMS had been fully implemented in 2021.

### **Tallying of Votes by Independent Party**

For the 2022 AGMS, the Company obtained the service of an independent party, PT Datindo Entrycom, to tally the votes.

## **Board of Commissioners**

The Board of Commissioners is the Company's organ with a function to supervise and provide advice to the Directors and collectively reports to the GMS.

Members of the Board of Commissioners may not take and/ or receive any personal benefit from the Company apart from remuneration and other facilities as determined in GMS.

All members of the Board of Commissioners have adequate integrity and competence suiting the Company's business needs.

At present, the Company's Board of Commissioners consists of three members. They are the President Commissioner, Vice President Commissioner, and Commissioner cum Independent Commissioner.

The Board of Commissioners was appointed based on the Resolutions of the AGMS dated 26 June 2020, for a period of five years. The Board of Commissioners has participated in a number of internal training programs in the field of management, business, and finance to improve their competence.

The Company's President Commissioner, Candra Ciputra, is affiliated with one of the Company's major shareholders, namely PT Ciputra Corpora. The Independent Commissioner hails from outside of the Company, does not hold any shares, either directly or indirectly, in the Company; does not have any relationship with the Company, or any other members of Board of Commissioners, Directors or Major Shareholders of the Company, and does not have any business relationships, either directly or indirectly, with the Company's operations.

The composition and number of members of the Company's Board of Commissioners has been determined by taking into consideration the business condition faced by the Company. In addition, factors of diversity, especially those related to the expertise, knowledge, and experience, have also been considered.

Currently the Company has the Guidelines for the Board of Commissioners in place, covering various aspects as detailed below.

### **Board of Commissioners' Duties and Responsibilities**

- Supervise and be responsible for the supervision of the policies for running in general the Company and its businesses, and provide advice to the Directors;
- Provide approval to the Company's annual work plan at the latest before the commencement of the upcoming financial year;
- Carry out certain tasks mandated by the Articles of Association of the Company, the prevailing regulations, and/ or the resolutions of the General Meeting of Shareholders;

- Carry out tasks, authority and responsibilities in line with the Articles of Association of the Company and the resolutions of the General Meeting of Shareholders;
- Review and be responsible for the Annual Report of the Company, as well as sign the Annual Report of the Company as prepared by the Directors; and
- Comply with the Articles of Association and other prevailing regulations, and oblige to uphold the principles of professionalism, efficiency, transparency, independence, accountability, responsibility and fairness.

### **Board of Commissioners' Authorities**

- Assess and review the annual report prepared by the Directors and sign the annual report;
- Request explanation from the Directors and/or other officers on all issues related to the Company;
- Understand all policies and actions that have been and will be carried out by the Directors;
- Request the Directors and/or other officers under the Directors with the knowledge of the Directors to attend the Meetings of the Board of Commissioners; and
- Establish the Audit Committee, Remuneration and Nomination Committee, and other committees (as deemed necessary) by taking into consideration the Company's ability.

### **Code of Conduct**

1. Each member of the Board of Commissioners must comply with the code of conduct in effect in the Company, conduct their duties with the best of intentions, a sense of responsibility, and caution, at all times with due regard to the prevailing rules and regulations, principles of Good Corporate Governance, and the Company's Articles of Association, in addition to avoiding any potential conflict of interest between the Company and the Board of Commissioners as well as other related parties.
2. Concurrent positions:
  1. Each member of the Board of Commissioners is allowed to concurrently hold a maximum of 2 (two) positions as Director at other public companies;
  2. Each member of the Board of Commissioners is allowed to concurrently hold a maximum of 2 (two) positions as Commissioner at other public companies.
3. Each member of the Board of Commissioners must maintain the confidentiality of discussions and resolutions of the Board of Commissioners as well as the information obtained from meetings, unless otherwise stated by the President Commissioner, or should such information have been disclosed by the Company to the public.
4. Each member of the Board of Commissioners is prohibited from making any decisions that may place the Board of Commissioners at a potential conflict of interest.
5. In the event of a conflict of interest:

1. Members of the Board of Commissioners are prohibited from making any decisions or conducting any actions that may harm the Company or diminish the Company's profits, and
  2. They must disclose such conflict of interest in a meeting summary that at a minimum contains the names of the parties having the conflict of interest, the main issue of the conflict of interest, and the basis for decision making.
6. Each member of the Board of Commissioners must:
- a. Refrain from taking advantage of the Company for their own or their family's or other parties' benefit at the expense of the Company's profits, and
  - b. Refrain from receiving any personal gain/benefit from the Company apart from the remuneration and other facilities as determined in the General Meeting of Shareholders in keeping with the prevailing regulations.

### **Board of Commissioners' Accountability**

The Board of Commissioners must account for their execution of duties to the Shareholders at the GMS.

In implementing its supervisory duties, the Board of Commissioners periodically convenes internal meetings and meetings with the Directors to discuss the Company's overall performance.

The Board of Commissioners meeting is held at least once every three months, to discuss the management's accountability of the Company's operational and financial performance. Meetings can also be convened when the Directors are required to obtain an approval from the Board of Commissioners regarding any strategic decision to be taken. Meeting resolutions are obtained by voting involving all members of the Board of Commissioners' present at the meeting.

### **Competence Development**

The Board of Commissioners has a policy to ensure that each of its members has the opportunity to develop its competence to carry out their functions in accordance with the Board of Commissioners' duties and responsibilities. The Board of Commissioners regularly participates in internal training programs in the field of management, business, and finance, to enhance their competence.

### **Performance Evaluation and Remuneration**

The Board of Commissioners' performance is evaluated based on its efficacy in conducting supervision of the Company's operational and financial performance as led by the Directors. Evaluation criteria include achievement of targets, business growth, progress in operational activities, and financial condition. Remuneration for the members of the Board of Commissioners is determined by the GMS based on the recommendation from the Board of Commissioners conducting the functions of Nomination and Remuneration.

## **Committee Performance Evaluation**

The Board of Commissioners has one committee under its supervision, namely the Audit Committee.

The Audit Committee's performance is evaluated by the Board of Commissioners based on the efficacy of the committee's supervision of the Company's operational and financial matters. The evaluation criteria include the smooth running of operational systems which can minimize any fraud activities, and measures to enhance the committee's supervision system itself.

Based on such criteria, the Board of Commissioners commended the satisfactory performance of the Audit Committee in 2022.

## **Nomination and Remuneration Committee**

In compliance with POJK No. 34/POJK.04/2014 regarding the Nomination and Remuneration Committee of Issuers or Public Companies, the Company's Board of Commissioners carries out the function of the Nomination and Remuneration Committee in accordance with the stipulations in the Company's Board of Commissioners Circular dated 27 October 2015.

The Nomination and Remuneration Committee has the Guidelines and Work Procedures of the Nomination and Remuneration Committee, as follows:

### **Nomination Guidelines**

This is executed by the Board of Commissioners that carries out the function of Nomination Committee.

#### **1. Duties and Responsibilities regarding Nomination**

- Providing recommendation to the Board of Commissioners regarding composition of the Directors and/or Board of Commissioners, policies and qualifications required in the Nomination process and performance evaluation policies for members of the Directors and/or the Board of Commissioner pursuant to the benchmark designated as the evaluation material.
- Evaluating the performance of members of the Directors and/or the Board of Commissioners based on the evaluation benchmark.
- Providing recommendation regarding skills development programs for the Directors and/or the Board of Commissioners.
- Proposing candidates that qualify as members of the Directors and/or the Board of Commissioners, to the Board of Commissioners to be submitted to the General Meeting of Shareholders.

## 2. Work Procedures

- Preparing the composition and nomination process of the Directors and/or the Board of Commissioners.
- Preparing the policies and qualifications needed for the nomination process for candidates of the Directors and/or the Board of Commissioners.
- Preparing the Capacity Development Program for members of the Directors and/or the Board of Commissioners.
- Evaluating the performance of the Directors and the Board of Commissioners.

## 3. Meetings

Meetings with a Nomination agenda shall be held by the Board of Commissioners at least once every 4 (four) months.

## 4. Activities Reporting System

The report on the performance of Nomination duties is contained in the Board of Commissioners' report of supervision submitted to the General Meeting of Shareholders.

## **Remuneration Guidelines**

This is executed by the Board of Commissioners that carries out the function of Remuneration Committee.

### 1. Duties and Responsibilities regarding Remuneration

- a. Providing recommendations to the Board of Commissioners regarding the remuneration structure, remuneration policies, and amount of remuneration.
- b. Evaluating the performance in relation to the amount of remuneration received by each member of the Directors and/or the Board of Commissioners.

### 2. Work Procedures

- a. Preparing the remuneration structure for members of the Directors and Board of Commissioners, consisting of:
  1. Remuneration (salaries, bonus, routine allowances, and other facilities in non-Natura form).
  2. Other facilities in Natura form, such as: business travel allowances, health benefits, and membership benefits (health club memberships).
  3. Retirement Benefits (received upon the end of the term of office).
- b. Preparing Remuneration policies for the Board of Commissioners and Directors to be subsequently determined by the General Meeting of Shareholders. The General Meeting of Shareholders can confer the power and authority to the Board of Commissioners to determine the amount of remuneration.



The remuneration policy is based upon:

1. Eligibility/fairness;
2. Performance/achievement by the Directors and Board of Commissioners;
3. The Company's performance and reserve as stipulated by the Limited Liability Company Law;
4. Tax provisions and labor regulations.

The General Meeting of Shareholders can confer authority to the Board of Commissioners to design and determine the remuneration system including honorarium, allowances, salaries, bonus, and other forms of remuneration for members of the Directors and the Board of Commissioners.

- c. Setting the amount of remuneration for members of the Directors and Board of Commissioners. The amount of remuneration for members of the Directors and Board of Commissioners is proposed and recommended by the Board of Commissioners (which in this case acts as the Remuneration Committee). The number of salaries, allowances, facilities, and benefits for members of the Directors and Board of Commissioners is determined based on the performance of each member of the Directors and Board of Commissioners as well as market development of similar business. This amount will be evaluated annually based on the Company's business competitiveness and the prevailing economic conditions.

#### 4. Meetings

Meetings with Remuneration agenda shall be held by the Board of Commissioners at least once every 4 (four) months.

5. Reporting System Reports of remuneration activities is submitted to the GMS.

### **Performance-Based Long-Term Compensation Program**

The Company currently does not have any programs that provide performance-based long-term compensation to the management and employees. Taking into consideration the Company's current business performance and market situation, the management has not determined it necessary for the Company to implement such a program.

## Directors

The Directors is the Company's organ endowed with the full authority and responsibility for managing the Company for the benefit of the Company, according to the Company's purpose and objectives, and for representing the Company in and out of the court under provisions in the Articles of Association.

Members of the Directors were appointed based on the Resolutions of the AGMS on 27 May 2019 for the period of five years.

The Directors of the Company are not affiliated with each other.

At present, there are four Directors, consisting of a President Director and three Directors. Agus Honggo Widodo, Director, is responsible for managing the Digital Distribution business. Sjafril Effendi, Director, is responsible for managing the Digital Solutions & Consulting business. Randy Kartadinata, Director, is responsible for managing the Company's finances.

The three Directors, along with two Working Units, i.e., Internal Audit Department, Legal Department and Human Resources Division, report to Susanto Djaja, the President Director.

Currently the Company has the Guidelines for Directors/Directors Charter in place, covering various aspects as detailed below.

### Directors' Duties and Responsibilities

- The Directors are appointed to manage the Company and be fully responsible for such management for the interest of the Company, in line with and in order to achieve the Company's purposes and objectives;
- Each Director must with the best of intentions and a sense of responsibility conduct their duties at all times with due regard to the prevailing regulations and the Articles of Association;
- Lead, manage and control the Company in line with the Company's objectives and continuously improve the Company's efficiency and effectiveness;
- Control, maintain and manage the Company's assets; and
- Prepare the Company's annual work plan that contains the Company's annual budget and must be presented to the Board of Commissioners to obtain approval from the Board of Commissioners prior to the commencement of the upcoming financial year.

### Directors' Authorities

- Establish and appoint and dismiss the Corporate Secretary or the Corporate Secretary work unit and appoint its supervisor; and
- Represent the Company in and out of the Company in relation to all matters and in all circumstances, to bind the Company with other parties and other parties with the Company,

and to carry out all actions that are related to the management or ownership of the Company, within the limitations stipulated in the Company's Articles of Association.

### **Code of Conduct**

1. Each Director must comply with the code of conduct in effect in the Company, conduct their duties with the best of intentions, responsibility, and caution, at all times with due regard to the prevailing rules and regulations, principles of Good Corporate Governance, and the Company's Articles of Association, in addition to avoiding any potential conflict of interest between the Company and the Directors as well as other related parties.
2. Concurrent positions:
  - a. Each member of the Directors is allowed to concurrently hold a maximum of 2 (two) positions as Director at other public companies;
  - b. Each member of the Directors is allowed to concurrently hold a maximum of 2 (two) positions as Commissioner at other public companies.
3. Each Director must maintain the confidentiality of discussions and resolutions of the Directors as well as the information obtained from meetings, unless otherwise stated by the President Director, or should such information have been disclosed by the Company to the public.
4. Each Director is prohibited from making any decisions that may place the Directors at a potential conflict of interest.
5. In the event of a conflict of interest:
  - a. Members of the Directors are prohibited from making any decisions or conducting any actions that may harm the Company or diminish the Company's profits, and
  - b. They must disclose such conflict of interest in a meeting summary that at a minimum contains the names of the parties having the conflict of interest, the main issue of the conflict of interest, and the basis for decision making.
6. Each Director must:
  - a. Refrain from taking advantage of the Company for their own or their family's or other parties' benefit at the expense of the Company's profits, and
  - b. Refrain from receiving any personal gain/benefit from the Company apart from the remuneration and other facilities as determined in the General Meeting of Shareholders in keeping with the prevailing regulations.

### **Directors' Accountability**

- The Directors have the obligation to report on all issues or important matters taking place within the Company to all members of the Directors in the Directors' Meetings or in the meetings of the Directors held occasionally as required by the members of the Directors;

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- The Directors have the obligation to report on important matters taking place within the Company to the Board of Commissioners in the joint meetings of the Board of Commissioners and the Directors, or via direct reporting by the Directors to the Board of Commissioners.

The Directors convenes periodically internal meetings and meetings with the Board of Commissioners to discuss the Company's progress and decide policies for its management.

The Directors meeting is held at least on average once a week, to discuss the Company's performance on various aspects, especially operational and financial, and to determine the strategy to achieve the growth targets set by the Board of Commissioners. Meeting resolutions are obtained by voting involving all members of the Directors present at the meeting.

### **Competence Development**

The Directors have a policy to ensure that each member has the opportunity to develop their competence to carry out their functions in accordance with their duties and responsibilities.

In 2022, the Directors participated in a range of training programs to cultivate their competence and knowledge, in line with the Company's business needs and the latest global developments. The Directors also attended various virtual conferences held by the principals.

In 2022, the Directors participated in various competence enhancement programs, all conducted online both by the Company itself and external parties.

### **Performance Evaluation and Remuneration**

Directors' performance is evaluated periodically by the Board of Commissioners conducting the Nomination and Remuneration functions. The GMS determines the remuneration for the Directors based on the recommendation from the Board of Commissioners conducting the Nomination and Remuneration functions.

### **Committee Performance Evaluation**

The Directors have not formed any special committees tasked to assist their duties.

## **Audit Committee**

### **Dr. Ir. Tanan Herwandi Antonius, MBA, MSc, MA**

#### **Independent Commissioner concurrently serving as Chair of the Audit Committee**

Graduated with a Bachelor's degree in Engineering from Parahyangan Catholic University, Bandung, Indonesia in 1994, and a Master's degree in Business Administration from Prasetya Mulya School of Management, Jakarta, Indonesia in 1987, MSc in Urban Development from University College London (UCL), England in 1996, and MA in Education for Gifted Children from University of Connecticut, USA in 2010. He also obtained a Doctorate degree in Distance Education from Athabasca University, Canada in 2017. He worked with Ciputra Group for 31 years from 1987 to 2018, with his last position as a Senior Director. Antonius Tanan is a 63-year-old Indonesian citizen. He was appointed as the Company's Independent Commissioner and Chairperson of the Audit Committee on 26 June 2020. He is concurrently serving as Independent Commissioner (appointed in 2020) and Chairman of the Audit Committee (appointed in 2022) at PT Ciputra Development Tbk.

### **Hasan, SE**

#### **Member**

Graduated with a Bachelor's degree in Economics from Tarumanagara University, Jakarta, Indonesia in 2000. He began his career at the Arthur Andersen Public Accounting Firm in 2000 and then worked with Ernst & Young Indonesia since 2002 until 2018 with the latest position as Associate Director. He has extensive experience from more than 18 years working in external audit and providing consulting services to technology and telecommunication companies. Currently he is working as a financial consultant of a private company. Hasan is a 45-year-old Indonesian citizen. He was appointed as a Member of the Audit Committee of the Company on 29 June 2020.

### **Jimmy Cakranegara, SE**

#### **Member**

Graduated with a Bachelor's degree in Economics from Sekolah Tinggi Ilmu Ekonomi IBII, Jakarta, Indonesia in 2003. He began his career at Mitra Winata Public Accounting Firm from 2002 until 2003. He joined Purwantono, Sarwoko & Sandjaja (Ernst & Young) Public Accounting Firm from 2003 to 2008 and Tjahjadi, Pradhono & Teramihardja (Morison International) Public Accounting Firm from 2008 to 2011. From 2011 until 2018 he worked at Kosasih, Nurdiyaman, Tjahjo & Rekan (Crowe Horwath) Public Accounting Firm as Audit Senior Manager. He is concurrently serving as a Partner of Yonathan and Rekan Public Accounting Firm. Jimmy Cakranegara is a 43-year-old Indonesian citizen. He was appointed as a Member of the Audit Committee of the Company on 1 August 2015.

## **Duties and Responsibilities**

The Audit Committee is an organ under the Board of Commissioners responsible for assisting the Board of Commissioners in conducting supervisory duties in order to enhance the implementation of the Company's Good Corporate Governance.

The Company's Audit Committee was established pursuant to the Regulation of Indonesia's Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK) No. IX.I.5. The Audit Committee is responsible for assisting the Board of Commissioners in evaluating the fairness of the Management's Reports as prepared by the Directors and identifying various issues regarding violations of applicable rules and regulations in the Company's operations.

In conducting its tasks to support Board of Commissioners, the Audit Committee refers to the Audit Committee Charter and its work plan.

At present, the Audit Committee consists of three persons chaired by an Independent Commissioner and two members with ample educational background, competence and experience in auditing.

## **Committee Independence**

To ensure that good corporate governance processes take place in line with the prevailing regulations, the Audit Committee shall uphold the principle of independence at all times when executing its duties and responsibilities.

All members of the Company's Audit Committee are independent members. The Chairman of the Audit Committee is an Independent Commissioner, and the two members are external parties that are in no way affiliated or have any relationship with the Company nor with its shareholders, and do not receive any gain/benefit apart from the remuneration determined for their duty as members of the Audit Committee.

## **Meetings**

The Audit Committee maintains coordination with the Company's Internal Audit at all times, to optimize the supervisory function. The Audit Committee has a policy to convene a meeting at least once every three months. Such a meeting shall be attended by all members in order to result in legally-binding resolutions.

## **Competence Development**

The Audit Committee Charter stipulates a policy to ensure that each of the Audit Committee members has the opportunity to develop their competence to carry out their duties and responsibilities.

# Corporate Secretary

**Randy Kartadinata, SE**

## **Corporate Secretary**

Graduated with a Bachelor's degree in Economics from Tarumanagara University, Jakarta in 1992. He started his career with an International Public Accounting Firm Siddharta Siddharta and Harsono/Coopers and Lybrand as Senior Auditor in 1992. He subsequently worked as Manager at PricewaterhouseCoopers and then at KPMG. He continued his career at Lippo, Murdaya, Salim and Ciputra groups of companies, holding various Senior Management and Director positions. Randy Kartadinata is a 54-year-old Indonesian citizen. He was appointed for the first time as the Company's Finance Director and Corporate Secretary on 1 October 2010. On 27 May 2019, he was reappointed as Director and continues to serve as the Corporate Secretary.

## **Corporate Secretary's Responsibilities**

The Corporate Secretary reports directly to the President Director and has the function to maintain smooth relationship between the Company and the regulatory bodies, shareholders and public/stakeholders.

## **Corporate Secretary's Duties**

The Corporate Secretary's tasks include to:

- Keep abreast with the latest developments in the Capital Market, particularly regarding the applicable laws and regulations of the Capital Market;
- Provide any necessary information regarding the Company's conditions to investors or the public;
- Provide inputs to both the Directors and the Board of Commissioners to ensure compliance with laws and regulations of the Capital Market;
- Serve as the Company's spokesperson to the OJK, the IDX, and the public;
- Be in charge of all corporate actions, including but not limited to the Company's General Meeting of Shareholders and Public Expose;
- Coordinate and prepare minutes of meetings of both the Directors' and the Board of Commissioners' meetings;
- Assume the responsibility for ensuring the Company's compliance with laws and regulations on the Capital Market, Limited Liability Companies, and Investments.

## **Training**

In 2022, the Corporate Secretary attended several training and educational programs, in order to enhance his execution of functions and duties as Corporate Secretary.

## Activities in 2022

In 2022, the Corporate Secretary conducted meetings with market analysts and securities companies to describe the Company's performance and business prospects. In addition, the Corporate Secretary regularly distributed various press releases regarding the Company's latest developments in the industry, including partnerships within the ICT ecosystem in Indonesia and in the region.

## Internal Audit & Internal Control System

### Wahyu Prasetyo, SE

#### Internal Audit Manager

Graduated with a Bachelor's degree in Economics from Satya Wacana Christian University, Salatiga, in 2007. He began his career at PT Sentraponsel Indonesia as internal audit staff. In 2010, he served as Subsection Head Audit at PT Sayap Mas Utama. He subsequently worked at First Resources Ltd and at PT Kino Indonesia Tbk as Internal Audit Manager. Wahyu Prasetyo is a 38-year-old Indonesian citizen. On 1 April 2019, he has appointed as the Internal Audit Manager. The Company's Internal Audit Department of was established directly under the President Director to perform internal control functions.

The Company's Internal Audit Charter was established in accordance with the recommendations from the Institute of Internal Audit (IIA) and POJK No. 44/POJK.04/2014 on the Establishment and Guidelines on the Formulation of the Internal Audit Charter, namely to provide independent and objective supervision and consultation designed to add value and improve the operations of the organization.

The Internal Audit function helps the organization achieve its objectives by applying a systematic, disciplined approach to evaluating and enhancing the effectiveness of risk management and control in order to ensure good corporate governance implementation.

Aligned with the aforementioned definition, the Internal Audit Charter was ratified by the Company's President Director and approved by the Board of Commissioners. The charter serves as guidance for Internal Audit Department in carrying out its tasks. The Internal Audit charter sets forth tasks and responsibilities of internal audit, authority of internal audit, code of ethics in auditing, professional requirements for auditors and accountability of internal audit activities.

The Internal Audit Department is led by the Head of Internal Audit Department, who reports administratively to the President Director and functionally to the Audit Committee.

The scope of Internal Audit's tasks includes ensuring compliance to the regulations, policies, standards, and procedures, as well as providing effective and efficient recommendations for the Company's operations. The internal audit activities and advice provision, which include the



formulation of Standard Operating Procedures (SOP) and compliance audits, are focused on key elements, i.e., Risk Management, Control, and Governance.

The Company continues to enhance the competence and capacity of its internal control, and this is achieved by recruiting internal auditors that have the proper specifications of competence and improve the internal auditors' skills through various training programs.

At present, the Internal Audit consists of four members, led by the Internal Audit Manager. As the incumbent Internal Audit Manager, Wahyu Prasetyo possesses the Risk Management Certification from ERMAP, ISO 27001:2013-certified Lead Auditor, and Certified Information Technology Auditor Professional.

Throughout 2022, the Internal Audit conducted internal audit processes on 16 departments in line with the risk assessment.

### **Internal Control System**

The Company's internal control system has been formulated based on various international standards, chiefly COSO Internal Control Integrated Framework, as well as various relevant regulations prevailing in Indonesia.

Internal control is applied on two major aspects of the Company's business, namely operational and financial aspects.

The parties responsible for implementing internal control are all parties that are directly involved in each of the various operations and financial aspects in the Company. This is in line with the three lines of defense internal control principle. The party that coordinates all internal control efforts in the Company is the Internal Audit.

The Company improves its implementation of internal control by formulating many highly-applicable systems and procedures. In this manner, the Company is able to prevent fraud and other similar activities that may cause losses for the Company.

Each year, the adequacy and effectiveness of internal control in the Company is reviewed collectively by the Internal Audit and the Directors.

For 2022, considering the implementation of this system and the results achieved, the Directors concluded that the Company's current internal control system had been wellimplemented and remains adequate to provide supervision and control of the Company's operational and financial aspects in accordance with its current scope of business.

## **Risk Management**

A robust risk management is critical for the Company in addressing the business risks arising from internal and external factors. Thus, such a risk management framework is inseparable from the coordinated measures to achieve the Company's given performance targets and to apply the principles of Good Corporate Governance comprehensively.

The Company has identified a number of risks based on the risk impacts on its business activities and finance in order to ensure an effective, efficient, and reliable operational process. Therefore, the Company's strategy can be successfully implemented and Good Corporate Governance can be accordingly performed.

The following is a list of business risks faced by the Company in doing its business activities:

### **Risk of Business Competition**

In the ICT and digital products and services distribution business, the Company faces increasingly tougher competition from the proliferation of new players in the arena, where each player strives to maintain and even expand its market share. If the Company fails to expand its market share and improve services to its customers, its ability to generate revenues or profits will decrease. Risk of Limited ICT Human Resources in Indonesia in realizing the ICT and digital business development plan, the Company relies on competent, skilled, and expert talents for its business growth. Should the Company fail to retain its executives and experts, a high turnover of employees may occur as a result. Subsequently, should the Company fail to recruit new employees as the replacements, the Company's performance may be affected, and its revenues may be potentially reduced. In addition, the inability of the Company's employees to keep abreast of the latest market developments in the ICT field may result in the Company marketing products and services that are no longer relevant or attractive to the consumers. This, in turn, may negatively affect the Company's financial performance.

### **Risk of Foreign Exchange Rate Fluctuations**

Certain ICT products offered by the Company are sourced from principals in foreign countries and thus their prices are linked to certain exchange rates. Although some of the principals have set up representative offices in Indonesia and therefore are selling their products in Rupiah, changes in prices that may result from the strengthening of certain foreign currencies may result in a decline in the demand for these products. This may in turn carry an adverse impact on the Company's revenue and financial condition.

### **Risk of Usage of Information Technology Systems**

As a business that markets as well as applies various information technology systems and infrastructure products comprehensively across all of its business operations, the Company faces the risk of malfunction or failure of these systems and infrastructure due to physical damage to them, instability of electricity network and internet connection, as well as a wide range of cyber-attacks. All these factors may disrupt the integrity of the Company's ongoing business. In addition

to causing material financial damages, such issues may also tarnish the Company's reputation as a trusted and leading ICT company in the view of its customers and the public at large.

### **Legal Risk**

In running its business, the Company is required to abide by all the relevant laws and regulations prevailing in the Republic of Indonesia. In addition, the Company has also entered into a number of legal contracts and agreements with many stakeholders in its daily business conduct. Any failure to meet the legal and regulatory requirements or the terms and conditions stated legally in its contracts with certain parties may result in legal claims directed at the Company. In turn, verdicts given by the court of law on cases that involve the Company may hinder the subsequent operations of the Company and/or significant financial losses in the form of fines and compensations.

### **Risk Mitigation**

Every significant risk faced by the Company has been mitigated in its daily operational activities, including by:

- Planning a sound business strategy which addresses the interests of all relevant stakeholders;
- Robust financial planning to protect investment value, capital reserves, and cash flows against various financial risks that may arise;
- Various types of approach to increase the number of principals and expand the types of brands/products to be offered to the market, to further increase market share;
- Talent and competence development programs, held internally and in collaboration with external parties, to prepare highly qualified talents in the ICT sector;
- Attractive sales programs for dealers and resellers to ensure that the Company's value proposition remains competitive at all times, and that business competition in the market takes place in an equitable and fair manner;
- Implementation of information security management system that is supported by cutting-edge and industry-leading ICT infrastructure to anticipate and neutralize potential cyber-attacks, which is further supported by the routine maintenance of ICT devices used in the Company; and
- Legal reviews conducted in line with daily business conduct to enforce compliance with the laws and regulations as well as the obligations stated in contracts and agreements.

### **Risk Management Effectiveness**

The efficacy of the corporate-wide risk management system is evaluated regularly at Directors' meetings.

Based on 2022 findings and business results, the Directors concluded that the risk management system had been soundly and interactively implemented within the year.

Furthermore, the Directors believe that there is an adequate and strong mechanism in place to effectively manage the risks that may arise in the future to a reasonable degree. []