

# **SUPPORTING ELEMENTS OF CORPORATE GOVERNANCE**

**PT Astra Graphia Tbk**



## **Supporting Elements of Corporate Governance**

PT Astra Graphia Tbk (the "Company") strives and committed to implementing Good Corporate Governance (GCG) practices in order to uphold integrity and professionalism in every organ of the Company. The Company's GCG system is regularly updated to ensure that the process of efficiency, transparency and legal compliance with GCG runs well.

### **Legal Basis of GCG Implementation in the Company**

As a public company that lists its shares on the Indonesia Stock Exchange, the Company's GCG implementation is governed by Law No. 40 of 2007 concerning Limited Liability Companies and their implementing regulations, Law of the Republic of Indonesia No. 8 of 1995 concerning the Capital Market, Regulations issued by the Financial Services Authority, and Regulations issued by the Indonesia Stock Exchange.

Internally, the Company is guided by the Articles of Association which have been adjusted to the prevailing laws and regulations, as well as other policies that apply to the Company, such as Company Regulations, Code of Ethics, Work Guidelines for the Board of Directors, Work Guidelines for the Board of Commissioners, and other internal policies.

The Company also has an Anti-Fraud and Anti-Corruption Policy that applies to all employees, third parties, or stakeholders with whom the Company does business.

### **Good Corporate Governance Principles**

The principles of GCG contained in Indonesia's regulations serve as guidelines for the implementation of GCG in The company. The company is committed to improve the implementation of its GCG continuously in accordance with the applicable laws and best practices in corporate governance.

Transparency	<ul style="list-style-type: none"> <li>- The company discloses information in a timely, clear, and easily accessible manner to its stakeholders.</li> <li>- The company discloses important information in accordance with the procedures that have been established in the capital market regulations and/or related legislation.</li> </ul>
Accountability	<ul style="list-style-type: none"> <li>- Members of the Board of Directors and the Board of Commissioners have clear duties and responsibilities.</li> <li>- The Board of Directors and the Board of Commissioners are accountable through the Annual General Meeting of Shareholders.</li> <li>- Each organ of the organization has clear responsibilities that are aligned with the Company's vision, mission, goals, strategy, and business.</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>- The company always adheres to the prudence principle when conducting its business activities.</li> </ul>
Independence	<ul style="list-style-type: none"> <li>- The company is always professional and objective when making decisions.</li> </ul>
Equality and Fairness	<ul style="list-style-type: none"> <li>- The company takes into account the interests of all stakeholders and follow the principle of equality and fairness (equal treatment).</li> <li>- The company gives all shareholders an opportunity to express their opinions during General Meetings of Shareholders.</li> <li>- All stakeholders have access to information in accordance with the transparency principle.</li> </ul>

## GCG Roadmap

The Company's GCG Roadmap focused on:

1. Identify areas that require improved governance.
2. Preparation of internal policy documents, standard operating procedures, and implementation of socialization.
3. Implementation and supervision of existing governance.
4. Adjustments to ensure that the governance applied in the Company is in line with the prevailing laws and regulations.

## GCG Structure

The Company has organs to assist the implementation of GCG that are arranged based on the functions, authorities, and responsibilities of each organ in accordance with Law no. 40 of 2007, Regulation of the Financial Services Authority, and the Company's Articles of Association

The Board of Commissioners and the Board of Directors carry out their functions and duties and ensure the implementation of corporate governance in accordance with the provisions of the applicable laws and regulations. The Company has an Audit Committee and a Nomination and Remuneration Committee to assist the Board of Commissioners in its supervisory function. The Company has a Corporate Secretary, Internal Audit, and Risk Management to assist the Board of Directors in its management function.

### 1. BOARD OF COMMISSIONERS

The Board of Commissioners is a corporate organ in charge of supervising and providing advice to the Board of Directors in carrying out the task of managing the Company in order to achieve the goals and objectives of the Company in accordance with the provisions of the Articles of Association, applicable laws and regulations, and the principles of Good Corporate Governance. The Company's Board of Commissioners consists of 3 people: a President Commissioner, a Commissioner, and an Independent Commissioner.

#### a. Duties And Responsibilities

The Board of Commissioners has duties and responsibilities, as follows:

- Supervising the policies made by the Board of Directors to manage the Company, including the actions of mitigation, improvements, and temporary dismissal of the members of the Board of Directors;
- Supervising the business risks of the Company and the internal control of the management;
- Supervising the implementation of GCG in the Company's business activities;
- Advising the Board of Directors regarding their duties and responsibilities;
- Providing comments and recommendation about the strategic plans made by the Board of Directors;
- Ensuring that the Board of Directors has considered the interests of the stakeholders.

The Board of Commissioners is a collective position and therefore, all members of the Board of Commissioners shall cooperate, and must not act independently. The President Commissioner is responsible for coordinating the various activities of the Board of Commissioners.

#### b. Work Guidelines of The Board of Commissioners

In accordance with POJK provisions, the Company already has a Board of Commissioners Charter. The Charter offers guidelines to the Board of Commissioners in carrying out its supervisory function according to the Articles of Association, Limited Liability Company Law, Capital Market Regulations, and other related regulations. The Board of Commissioners' guidelines include, among others, guidelines on the duties, responsibilities and authorities of the Board of Commissioners, the ethical standards of the Commissioners, restrictions on concurrent positions of Commissioners, Board of Commissioners meetings, and the

responsibilities of the Board of Commissioners. More detailed The company Board of Commissioners Work Guidelines is available on the company website.

**c. Orientation Program for New Members of The Board of Commissioners**

An orientation program is held for any new members of the Board of Commissioners to enable them to carry out their duties and responsibilities to the best of their abilities. The work guidelines of the Board of Commissioners stipulate that newly appointed members of the Board must attend the Company orientation program.

The orientation program includes:

- Objectives of the Company, including its vision, mission, strategy, medium and long-term plans, performance, governance, as well as corporate finance.
- Understanding of the duties and responsibilities of the member of the Board of Commissioners, including the limits of their authority, work time, meeting policies, matters that require the Board of Commissioners' approval, internal rules, regulations, as well as applicable capital market regulations.

**d. Assessment of the Performance of the Members of the Company's Board of Commissioners**

The Nomination and Remuneration Committee assesses the performance of the Board of Commissioners using the applicable assessment process. The performance of the Board of Commissioners is evaluated each year by the shareholders at the GMS through the selfassessment mechanism as stipulated in the Work Guidelines of the Board of Commissioners.

**e. Assessment of the Performance of the Committees That Support the Board of Commissioners**

The Board of Commissioners is assisted by the Audit Committee as well as the Nomination & Remuneration Committee (NRC). The Audit Committee and the NRC submit regular reports to the Board of Commissioners based on the duties and responsibilities that are listed in the work guidelines, both oral in physical meeting as well as in form of written report.

**f. Appointment and Dismissal of the Members of the Board of Commissioners**

The Appointment And dismissal of the members of the Board of Commissioners are determined by the General Meeting of Shareholders. A commissioner is nominated by the Nomination & Remuneration Committee and appointed by the General Meeting of Shareholders to serve from the appointment date to the closing of the second General Meeting of Shareholders after the appointment of the Commissioner.

**g. Independent Commissioners**

The company's Independent Commissioner has met the independence requirement outlined in the relevant Regulation of OJK, namely:

- Not an individual who in the last six month has worked at The company, or has had the authority and responsibility to plan, lead, control, or supervise the activities of The company.
- Does not own any The company shares, both directly and indirectly.
- Is not affiliated with The company's members of the Board of Commissioners, member of the Board of Directors, or the main shareholders.
- Does not have any business relationships related to the business activities of The company, both directly and indirectly.

## 2. AUDIT COMMITTEE

The Audit Committee is an independent unit established by, and responsible to, the Board of Commissioners. The Audit Committee has the main function of assisting the Board of Commissioners in relation to its responsibilities in the areas of financial reporting methods and processes, risk management, audits, and compliance with the applicable laws and regulations as stated in the Audit Committee Work Guidelines.

### a. Independence of the Audit Committee

All members of the Audit Committee are professionals in their fields and are selected for their integrity, ability, knowledge, and relevant experience. They have also fulfilled the Company's independence provisions, namely:

- Not a person in a Public Accountant Office, Legal Consultant Office, Public Appraisal Service Office or other party that provides assurance or non-assurance services, appraisal services and/or other consulting services to The company.
- Comes from outside The company.
- Does not hold The company's shares, either directly or indirectly.
- Has no affiliated relationships with The company, or the Commissioners, Directors or major shareholders of The company.
- Has no business relations with The company's business activities, either directly or indirectly.

### b. Duties and Responsibilities of the Audit Committee

In accordance with the provisions of POJK, as outlined in the Audit Committee Charter, the duty of the Audit Committee is to assist the Board of Commissioners in carrying out their supervisory responsibilities, including:

- Improve the quality of the Company's financial statements;
- Monitor the implementation of the business management control systems to minimize the possibility of mismanagement;
- Increase the effectiveness of the functions of the Internal Auditors and External Auditors;
- Monitor the implementation of risk management;
- Identify matters that require the attention of the Board of Commissioners; and
- Monitor the Company's compliance with the applicable laws and regulations.

### c. Work Guidelines of the Audit Committee

In accordance with the provisions of the Audit Committee's Work Guidelines, the Audit Committee annually reviews the Work Guidelines and proposes updates if necessary.

## 3. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (NRC) is established by, and is responsible to, the Board of Commissioners. The committee assists the Board of Commissioners in carrying out the functions and duties regarding nominations and remuneration of the members of the Board of Directors and the members of the Board of Commissioners.

### a. Independence of the Nomination and Remuneration Committee

The NRC consists of three members including one Chairman who is an Independent Commissioner and two members of the Board of Commissioners. All the members of the Nomination and Remuneration Committee are professionals dan dipilih berdasarkan, antara lain integritas yang tinggi, kemampuan, pengetahuan, pengalaman sesuai dengan bidang pekerjaannya dan bertindak independen dengan menjalankan tugas dan tanggung jawab sesuai dengan tujuan dan kebutuhan perusahaan secara profesional dan mandiri, serta tidak dipengaruhi intervensi dari pihak lain.

## **b. Duties and Responsibilities**

The NRC has the following duties and responsibilities:

### 1. Nomination Function:

- Providing recommendations to the Board of Commissioners regarding the composition, policies and criteria of the nomination process, and evaluating policies on the performance of the members of the Board of Directors and/or the members of the Board of Commissioners;
- Assisting the Board of Commissioners in evaluating the performance of the members of the Board of Directors and/or the members of the Board of Commissioners based on set benchmarks;
- Providing recommendations to the Board of Commissioners regarding capacity building programs for the members of the Board of Directors and/or the members of the Board of Commissioners;
- Proposing candidates for the Board of Directors and/or the Board of Commissioners to be submitted to the GMS.

### 2. Remuneration Function:

- Providing recommendations to the Board of Commissioners regarding the structure and amount of remuneration for the members of the Board of Directors and/or the members of the Board of Commissioners;
- Assisting the Board of Commissioners in assessing the performance and remuneration of each member of the Board of Directors and/or members of the Board of Commissioners.

## **c. Nomination and Remuneration Committee Guidelines**

The NRC has Work Guidelines established by the Board of Commissioners in line with Regulation of OJK No. 34/ POJK.04/2014 on the Establishment of the Nomination and Remuneration Committee of Issuers or Public Companies. The guidelines govern the implementation of the duties, functions, and work procedures of the NRC. At the end of the year, the NRC arranges a schedule of activities and meetings for the following year. The NRC holds regular meetings with the Board of Commissioners. The NRC Guidelines can be found on the The company's website.

## **d. Policy on Director Succession**

In accordance with the NRC Guidelines, the NRC has the responsibility to plan the succession of the Company's Directors in order to maintain the continuity of the Company's future leadership. Succession is carried out through the identification of executive officials with potential through the Talent Review Program. The President Director of The company nominates the members of the Board of Directors whose competency and skill gap will be evaluated and identified to be recommended to the NRC.

## **BOARD OF DIRECTORS ORGANS**

### **4. CORPORATE SECRETARY**

A corporate secretary is an individual or person in charge of a work unit that performs the secretary function for the company. The Corporate Secretary function is carried out by the Corporate Secretary department, which is led by the Chief of Corporate Secretary, Legal, and Communications, who reports to the Board of Directors.

#### **a. Corporate Secretary Personnel**

The Corporate Secretary shall meet the following criteria:

- Ability to conduct legal actions;
- Have Knowledge and understanding of law, finance, and corporate governance;
- Understanding of the Issuer's or Public Company's business activities; and

- Ability to communicate effectively;
- Domiciled in Indonesia;
- Holding concurrent positions in other Issuers or Public Companies is prohibited.

## **b. Duties and Responsibilities**

The Corporate Secretary has the following duties and responsibilities:

- To keep abreast of regulatory developments and ensure the Company's legal compliance with applicable laws and regulations, particularly those in the Capital Market sector;
- To provide advice to the Board of Directors and the Board of Commissioners to comply with the applicable laws and regulations, particularly those in the Capital Markets sector;
- To assist the Board of Directors and the Board of Commissioners in the implementation of corporate governance, including:
  - Information disclosure to the public, including the availability of information on the Issuer's or Public Company's Website;
  - Timely submission of reports to the Financial Services Authority;
  - Organizing and documenting the General Meeting of Shareholders;
  - Organizing and documenting the Board of Directors and/or Board of Commissioners; meetings; and
  - Implementation of a Company orientation program for the Board of Directors and/or Board of Commissioners.
- To act as a liaison between the Company and shareholders, the Financial Services Authority and other stakeholders.

## **c. Education/Training Programs to Develop Competencies**

In order to increase her knowledge and understanding that can help her discharge her duties, the Corporate Secretary and her staff attended trainings, seminars, workshops and periodic meetings held by the Financial Services Authority (OJK), Indonesia Stock Exchange (IDX), Indonesian Issuers Association (AEI), Indonesian Corporate Secretary Association (ICSA), and other institutions.

## **5. INTERNAL AUDIT**

An internal audit unit assists the Board of Directors in conducting objective and independent consulting and internal monitoring activities, as well as assisting management in achieving goals by using a systematic and disciplined approach in evaluating and improving the effectiveness of risk management, control, and corporate governance processes.

### **a. Internal Audit Personnel**

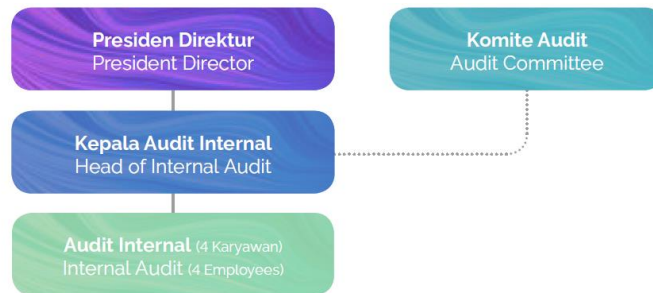
The Internal Audit Personnel have met the following requirements:

- Displaying integrity and professional behavior, independent, honest, and objective in carrying out their duties.
- Having knowledge and experience regarding technical auditing and other disciplines relevant to their field of work.
- Having knowledge and insight into the laws and regulations in the capital market and other related laws and regulations.
- Proactive in understanding the Company's business activities.
- Proficient at communicating effectively, both orally and in writing.
- Understanding the principles of good corporate governance and risk management.
- Striving to continuously improve their knowledge, skills and professional abilities.
- Complying with the Internal Audit Code of Ethics and meet the professional standards issued by the Internal Audit association.

In order to ensure the quality of audit activities, Internal Audit is supported by professional audit staff who have been certified and had taken adequate external training programs. The Internal Audit has also met the qualifications of The International Professional Practices Framework (IPPF), and is a member of The Institute of Internal Auditors Indonesia.

## b. Internal Audit Structure

The Head of the Internal Audit Unit is responsible to the President Director and functionally to the Board of Commissioners through the Audit Committee. This is to support the unit's independence and ensure the implementation of its duties and responsibilities, as well as the authority to monitor the follow-up of the recommendations associated with the audit results.



The Head of the Internal Audit Unit may be appointed by the President Director after obtaining the approval of the Board of Commissioners, or may be dismissed by the President Director after obtaining the approval of the Board of Commissioners, in the event that he/she is unable to carry out his/her responsibilities as stipulated in the Internal Audit Charter.

## c. Duties and Responsibilities

The company uses the COSO (the Committee of the Sponsoring Organization of the Treadway Commission) framework when implementing its internal control system, from environmental control, risk assessment, control activities, information and communication to supervision and evaluation of internal controls, including financial and operational control.

Internal controls are realized in the form of:

- Structured internal control environment at all levels of the Company's Management in relation to authority and responsibility, performance standards, control procedures and reporting mechanisms.
- Risk management and other controllers assist the management to measure the level of risk and control and to perform periodic monitoring of the implementation of the control function.
- Audit implementation is carried out by the Internal Audit Unit to ensure the effectiveness of the Company's internal control.
- Follow-up of Internal Audit results by the Audit Committee, the Board of Directors, and the Company's Management forums, including monitoring the follow-up status.

## 6. RISK MANAGEMENT

The Risk Management Unit assists the Board of Directors to identify and assess any potential risks associated with the company's activities. Structurally, the Risk Management Unit is answerable to the President Director.

### a. Implementation of the Risk Management System

The company's Risk Management is based on the Astra Group Risk Management Framework, COSO Enterprise Risk Management, and ISO 31000 Risk Management Work Guidelines. Based on the application of the above-stated guidelines, it is expected to provide convenience for management in mitigating risks and in the decision-making process. The acquired results provide an overview of the potential risks, which are a part of the Company's internal control activities.



## **b. Evaluation of the Effectiveness of the Risk Management System**

The evaluation of the implementation of risk management is carried out to assess the maturity level of the Company's corporate risk management and reassure the Board of Directors of the effectiveness of the Company's internal control. The evaluation results of the Company's internal control system form one of the bases of the Management's evaluation of the effectiveness of the internal control system. The evaluation results are a reference point when it comes to improving the Company's systems and policies.

## **c. Business Continuity Plan (BCP)**

As part of the Risk Management framework, in dealing with potential risks related to both natural disasters and man-made catastrophe, The company has prepared BCP as The company's guideline to anticipate such disasters and conducted BCP trial process. The purpose was to maintain the continuity of activities of critical functions/sections so that the company's daily business operations could run at a minimum level according to the management agreement, including ensuring the safety of employees as one of the company's top priority in the event of a disaster. The BCP has a Disaster Recovery Plan (DRP) for each critical function/section. The DRP describes the series of measures that the Company must take, from the prevention process, emergency response, recovery period, to the transition period when things return to normal post disaster era.

## **d. Internal Control System**

Internal Control System includes policies and procedures designed to provide confidence to the management when working to achieve the Company's goals and objectives. When implementing its internal control system, The company uses the COSO (the Committee of the Sponsoring Organization of the Treadway Commission) Framework.

The company implements the following internal control system:

- Control Environment. A standard, process, and structure that forms the basis of the Management of internal controls to determine the Company's business direction.
- Risk Assessment. Process to measure and prioritize the level of each risk to ensure that they can be managed in accordance with the tolerance limits set by Management.
- Control Activities. Activities established through policies and procedures to ensure that the management's directives in relation to mitigating risk have been carried out.
- Information and Communication. Management obtains and provides relevant and accurate information, as well as manages effective communication in relation to supporting internal control.
- Monitoring Activities. Follow up the results of the Internal Audit examinations by the Audit Committee, the Board of Directors, and Management forums, as well as monitoring activities.

## **ACCESS TO COMPANY INFORMATION AND DATA**

Customers and stakeholders can access various information about the Company through the company website [www.astragraphia.co.id](http://www.astragraphia.co.id), which contains the most recent information, including related information, financial performance, implementation of good corporate governance, Corporate Social Responsibility (CSR), and other related information. The information is provided in two languages, Indonesian and English, to make it easier for customers and stakeholders to access information and as part of the Company's good corporate governance practices.

As a public company, The company fulfills its obligations to submit periodic reports and ensures disclosure of information in accordance with the applicable regulations in the capital market sector to the Financial Services Authority (OJK) and the Indonesia Stock Exchange. This is conducted as a part of the Company's regulatory compliance.