

Investment Stewardship

Vote Bulletin: PT GoTo Gojek Tokopedia Tbk

Company	PT GoTo Gojek Tokopedia Tbk (Indonesia Stock Exchange: GOTO)
Market and Sector	Indonesia, Consumer Discretionary
Meeting Date	Annual General Meeting (AGM): 11 June 2024 Extraordinary General Meeting (EGM): 11 June 2024
Key Resolutions ¹	AGM – Item 2: Approve Remuneration of Directors and Commissioners AGM – Item 5: Approve Renewal of Delegation of Authority to Commissioners for Issuance of New Shares Based on the Share Ownership Program EGM – Item 2: Reelect Dirk Van den Berghe as an Independent Commissioner EGM – Item 10: Approve Sugito Walujo to Become a Series B Shareholder
Key Topics	Board quality and effectiveness, incentives aligned with financial value creation
Board Recommendation	AGM: The board recommended shareholders vote FOR Items 2 and 5 EGM: The board recommended shareholders vote FOR Items 2 and 10
BlackRock Vote ²	AGM: BlackRock voted AGAINST Items 2 and 5 EGM: BlackRock voted AGAINST Items 2 and 10

Overview

PT GoTo Gojek Tokopedia Tbk (GoTo) is an Indonesian company which operates three main businesses: on-demand ride-hailing and delivery, e-commerce, and financial technology. It was established in 2021 through a merger between PT Gojek Indonesia and PT Tokopedia – both of which are now subsidiaries of GoTo – and was publicly listed in the Indonesian market in April 2022.^{3, 4}

As part of our fiduciary duty to our clients, BlackRock Investment Stewardship (BIS) promotes sound corporate governance as an informed, engaged shareholder on their behalf. In our experience, sound governance is critical to long-term financial value creation and the protection of investors' interests.

¹ PT GoTo Gojek Tokopedia Tbk, “Revised Invitation of the Annual General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders,” May 22, 2024.

² BIS conducts proxy voting for those clients who authorize us to vote on their behalf. As part of BlackRock’s Voting Choice program, eligible institutional and retail clients can have greater access to the proxy voting process where legally and operationally viable. Read more about Voting Choice [here](#).

³ South China Morning Post, “Gojek, Tokopedia to merge in Indonesia’s biggest ever deal at US\$18 billion,” May 17, 2021.

⁴ PT GoTo Gojek Tokopedia Tbk, “GoTo Completes Landmark Listing on the Indonesia Stock Exchange,” April 11, 2022.

BIS takes a constructive, long-term approach to engagement with companies and focuses on the management and oversight of the drivers of risk and financial value creation in a company's business model. Engagement may also help inform our voting decisions for those clients who have given us authority to vote on their behalf. BIS' benchmark policies, and the vote decisions made consistent with those policies, reflect our reasonable and independent judgment of what is in the long-term financial interests of clients.⁵

Regulations enacted by the Indonesian Financial Services Authority (OJK) in December 2021 permit certain technology companies that are listed on the Indonesian Stock Exchange (IDX) to list with a dual class share structure.⁶ The regulations are intended to enhance the Indonesian capital markets' attractiveness as a listing option for public companies.⁷ GoTo, which listed on the IDX in April 2022 after the OJK's rules came into effect, is the only public company in the Indonesian market to have a dual class share structure. Presently, Series B shareholders hold 30 times the voting rights of Series A shareholders.⁸ At the date of the June 2024 EGM, Series B shareholders held ~57% of the company's voting rights.⁹

BIS has had several engagements with GoTo since its listing to discuss, among other topics, how the company's governance, strategy, and approach to executive compensation are aligned with the financial interests of long-term minority investors like BlackRock's clients.

Rationale for BlackRock's vote

AGM – Item 2: Approve Remuneration of Directors and Commissioners (AGAINST)

BIS did not support GoTo's proposed remuneration for directors and commissioners¹⁰ due to limited disclosure and lack of sufficient detail required to adequately assess the link between pay and performance.

When assessing remuneration, BIS reviews companies' disclosures to determine how their compensation policies and outcomes align with the financial interests of long-term shareholders. As we outline in our proxy voting guidelines for [Asia ex. Japan, Hong Kong and Chinese securities](#), investors like our clients benefit from disclosure that clearly articulates how the structure of companies' remuneration policies is aligned with long-term financial value creation.

Listed companies in Indonesia routinely seek shareholder approval of remuneration for directors and commissioners for the coming year in a bundled proposal at their AGMs. We have found that investors are better able to assess the link between performance and executive pay when disclosures provide details of the individual remuneration paid to members of the board of directors and board of commissioners. While

⁵ BIS' benchmark policies set out the core elements of corporate governance that guide our investment stewardship efforts globally and within each market, including when engaging with companies and voting at shareholder meetings. They are anchored in our Global Principles, which set out certain globally applicable fundamental elements of governance that contribute to a company's ability to create long-term financial value, anchored in transparency and accountability. They also include our regional voting guidelines, which explain how the Principles inform our voting decisions in relation to common ballot items for shareholder meetings in those markets. We publish our engagement priorities which reflect the five themes on which we most frequently engage companies, where they are relevant, as these can be a source of material business risk or opportunity. The BIS policies are applied on a case-by-case basis, taking into consideration the context within which a company is operating. They are reviewed annually and updated as necessary to reflect market developments and feedback from clients and companies.

⁶ Financial Services Authority, "[OJK Regulation No. 22/POJK.04/2021](#)," December 2021.

⁷ Nikkei Asia, "[Indonesia allows multiple voting shares to boost tech IPOs](#)," December 2021.

⁸ PT GoTo Gojek Tokopedia Tbk, "[2023 Annual Report](#)," page 315, May 22, 2024.

⁹ PT GoTo Gojek Tokopedia Tbk, "[2023 Annual Report](#)," page 224, May 22, 2024.

¹⁰ Indonesian companies generally have a two-tiered board system comprising a board of directors and a board of commissioners. A commissioner cannot serve concurrently as a director, manager, or employee of the company. The role of the board of commissioners is to supervise the board of directors, ensure the company fulfils all their legal obligations, and protects the interests of shareholders.

Indonesian companies do not usually disclose the precise amount to be approved, they do provide the total amount provided to the board of directors and board of commissioners the prior year, respectively. As such, we base our analysis for such proposals on the disclosure of the previous year's remuneration.

At its June 2024 AGM, GoTo sought shareholder approval for the payment of the Directors and Commissioners' remuneration for the coming year, without specifying the precise amount or providing more information.¹¹ Based on company disclosures, a total of Rp1.29 trillion (USD \$79.6 million) was paid to 18 directors and commissioners of the company in 2023.¹² Nearly ~95% of the award was in the form of stock options, including for non-executive commissioners serving on the board.¹³ As we note in our [Global Principles](#), it is our view that the use of stock options in non-executive board members' compensation can risk aligning their interests too closely with the management team they are charged with overseeing.

In addition, disclosures published by GoTo ahead of the AGM did not specify the awards' performance conditions, vesting periods, or its individual recipients, limiting investors' ability to analyze the company's remuneration practices. Furthermore, the disclosures provided no detail regarding the performance conditions concerning the annual bonus to company directors and commissioners.

Approve Renewal of Delegation of Authority to Commissioners for Issuance of New Shares Based on the Share Ownership Program (AGAINST)

BIS did not support the item requesting approval of the issuance of shares related to GoTo's Share Ownership Program at the June 2024 AGM due to insufficient disclosure.

GoTo also sought shareholder approval at its June 2024 AGM to renew the authority of the company's board of commissioners to issue shares as part of its "Share Ownership Program".

GoTo's "Share Ownership Program" was originally approved by GoTo's shareholders in December 2021 – prior to its April 2022 initial public offering (IPO) – and will remain in effect until December 2031.¹⁴ Employees, including non-independent commissioners and directors, are eligible to participate in the program, which provides for the maximum issuance of up to 1.5% of the company's shares.¹⁵

BIS did not support the proposed issuance of shares due to our concerns about insufficient disclosures of the program's performance targets, as well as its vesting period, and the potential dilution during the ten-year period the program will be in effect. We find that this information is important in helping us assess the alignment of proposed share issuance with the long-term financial interests of our clients.

EGM – Item 2: Reelect Dirk Van den Berghe as an Independent Commissioner (AGAINST)

BIS did not support the election of the chair of GoTo's nomination and remuneration committee due to concerns about limited disclosures that prevent investors from adequately assessing the link between pay and performance.

As we note in [our approach to engagement on incentives aligned with financial value creation](#), where BIS has concerns about a company's remuneration policies, we may engage to better understand the company's approach. Aside from engagement, we may convey concerns by not supporting the election of members of the remuneration committee or other members of the board entrusted with the responsibility for remuneration.

¹¹ PT GoTo Gojek Tokopedia Tbk, "[Revised Invitation of the Annual General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders](#)," May 22, 2024.

¹² PT GoTo Gojek Tokopedia Tbk, "[2023 Annual Report](#)," page 259, May 22, 2024.

¹³ PT GoTo Gojek Tokopedia Tbk, "[2023 Annual Report](#)," page 259, May 22, 2024.

¹⁴ PT GoTo Gojek Tokopedia Tbk, "[2023 Annual Report](#)," page 309, May 22, 2024.

¹⁵ PT GoTo Gojek Tokopedia Tbk, "[2023 Annual Report](#)," page 309, May 22, 2024.

In addition to withholding support for the company's proposed remuneration package for directors and commissioners and in line with our [proxy voting guidelines for Asia ex Japan, Hong and Chinese securities](#), BIS also did not support the election of GoTo's chair of the nomination and remuneration committee at the June 2024 EGM due to our assessment that the company's remuneration disclosures do not provide adequate clarity regarding how its structure is aligned with long-term financial value creation.

EGM – Item 10: Approve Sugito Walujo to Become a Series B Shareholder (AGAINST)

BIS did not support the proposal to classify GoTo's President Director and CEO as a Series B shareholder. In our view, the creation of share classes with equivalent economic exposure and preferential, differentiated voting rights may significantly impact the fundamental rights of minority shareholders – including BlackRock's clients – to convey support for, or concerns about, a company's approach to delivering long-term financial returns.

We recognize that in certain markets, for a limited period of time, companies may have a valid economic argument for creating separate share classes with equivalent economic exposure and preferential, differentiated voting rights. However, as we discuss in our [Global Principles](#), we disagree, in principle, with such structures, as in our view they violate the fundamental corporate governance principle of proportionality and result in a concentration of power in the hands of a few shareholders, thus disenfranchising other, often minority, shareholders. BIS engaged with GoTo to express this view ahead of its June 2023 AGM, at which we voted against the addition of new Series B shareholders.

Included on the ballot of the June 2024 EGM was a management proposal to classify GoTo's President Director and CEO as a Series B shareholder. Prior to June 2024 EGM, several founders of GoTo's subsidiary companies – who are also Series B shareholders – stepped down from the company's boards.¹⁶ We find that best practice in this case includes the cessation of the aforementioned weighted voting rights once the individuals concerned are no longer a member of a company's board of directors.

Current OJK regulations restrict holding and transfer of Series B shares to eligible individuals. As a result of these regulations, no additional Series B shares would be issued. Rather, current Series B shareholders would transfer their shares to GoTo's President Director and the current management team.

BIS determined that support for this proposal would not protect our clients' fundamental rights as minority shareholders and was counter to their financial interests. In particular, we assessed that the continued unequal shareholding structure would impact our ability to express our aforementioned concerns about the company's approach to remuneration, amongst other governance matters.

¹⁶ PT GoTo Gojek Tokopedia Tbk, "[2023 Annual Report](#)," May 22 2024.

About BlackRock Investment Stewardship (BIS)

BlackRock Investment Stewardship (BIS) promotes sound corporate governance as an informed, engaged shareholder on behalf of our clients. For those clients who have given us authority,¹⁷ we vote proxies in line with our public [Global Principles and regional voting guidelines](#) and informed by our engagements, where relevant, as well as our analysis of company disclosures.¹⁸ Under our benchmark policies, we vote with the sole objective to advance our clients' long-term financial interests.

As one of many shareholders, and typically a minority one, our role, on behalf of our clients as long-term investors, is to better understand how a company's leadership is managing risks and capitalizing on opportunities to help protect and enhance its ability to deliver long-term financial returns.

The BIS team of more than 65 dedicated professionals¹⁹ operates across nine offices globally, taking a localized approach while also benefitting from global insights. We focus most of our efforts on corporate governance as, in our experience, sound governance is critical to the success of a company, long-term financial value creation, and the protection of investors' interests.

We are committed to transparency in the stewardship work we do on behalf of clients. The BIS [Global Principles, regional voting guidelines, and five engagement priorities](#) (collectively, the BIS policies) set out the core elements of corporate governance that guide our investment stewardship program globally and within each regional market every year. These policies support effective stewardship processes and transparency and align with our commitment to pursue long-term financial returns for our clients as shareholders.

In addition, we inform clients about our engagement and voting policies and activities through direct communication and through various other disclosure on our [website](#). For shareholder meetings where a vote might be of particular interest to clients, we may publish a vote bulletin after the meeting explaining how we voted on key proposals.

Want to know more? blackrock.com/stewardship

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¹⁷ BIS conducts proxy voting for those clients who authorize us to vote on their behalf. As part of BlackRock's Voting Choice program, eligible institutional and retail clients can have greater access to the proxy voting process where legally and operationally viable. Read more about Voting Choice [here](#).

¹⁸ As detailed in our [Global Principles](#), proxy voting involves logistical issues which can affect BlackRock's ability to vote such proxies, as well as the desirability of voting such proxies. As a consequence, BlackRock votes proxies on a "best-efforts" basis.

¹⁹ As of December 31, 2023.