



Corporate Governance of Large PLCs in Indonesia: Evidence based on ASEAN CG Scorecard

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ASEAN Corporate Governance ranking - Background

Objectives

- Raise CG standards and practices of ASEAN
- Showcase and enhance visibility and investability of well-governed ASEAN PLCs
- Complement other ACMF initiatives and promote ASEAN as an asset class

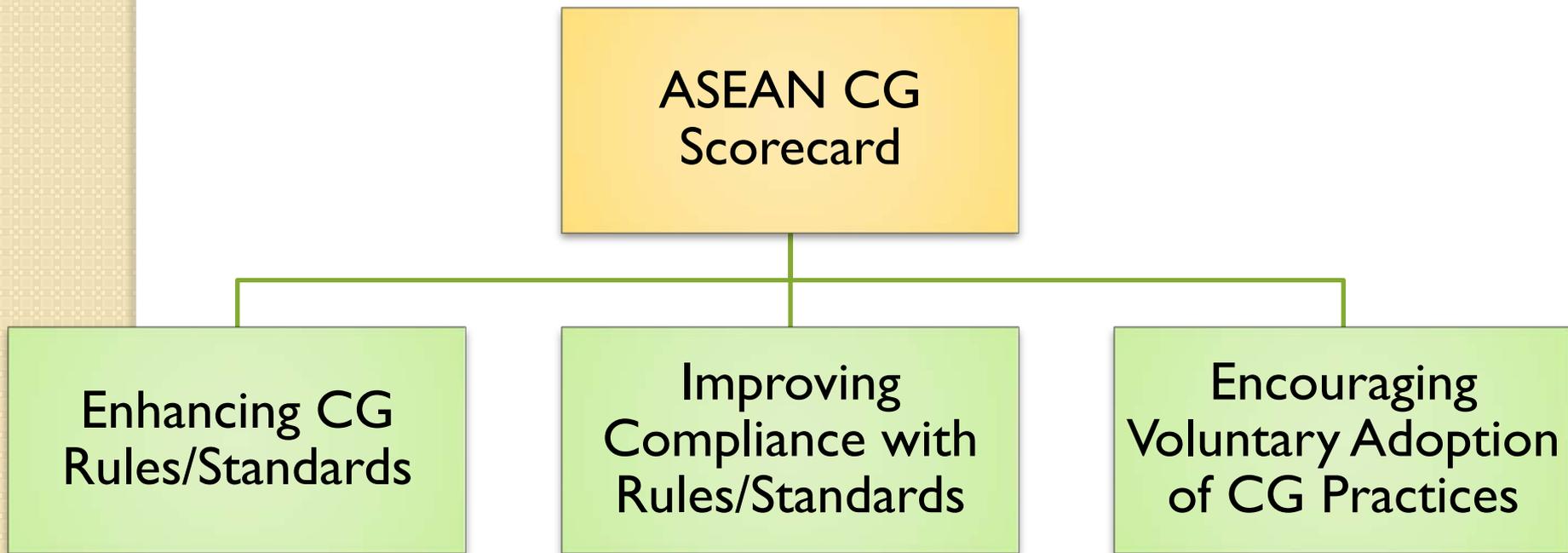
Approach

- ACMF: Create a universal CG Scorecard containing key elements of good CG
- Devise a scoring methodology
- Validate and publish ASEAN CG Scorecard
- Assess ASEAN PLCs identifying top 50 PLCs in each jurisdiction and top 50 PLCs regionally

Progress

- ASEAN CG Scorecard released to public in March 2012
- Assessment of 100 PLCs in 6 ASEAN Countries, July – Oct 2012
- Release of domestic top 50 PLCs in Feb 2013
- Submit top 50 PLCs regionally to regulators in March 2013
- Release of top 50 PLCs regionally in year 2015

Raising CG Practices with ASEAN CG Scorecard



ASEAN CG Scorecard

Globally Based

- OECD CG Principles
- Other International and Regional Standards

Regionally Developed

- Six participating countries
- Move beyond local rules/standards

Public Information

- English
- Easily Accessible

STRUCTURE OF THE ASEAN CG SCORECARD

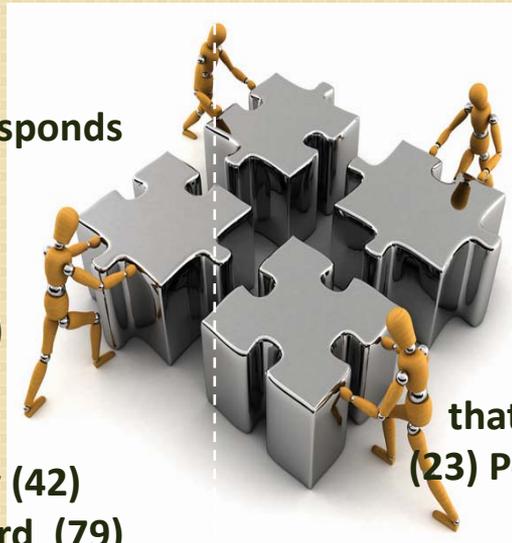
There are two levels to the ASEAN CG Scorecard

Level 1

Has five major sections that corresponds to the OECD Principles

- Part A: Right of Shareholders (26)
- Part B: Equitable Treatment (17)
- Part C: Role of Stakeholders (21)
- Part D: Disclosure & Transparency (42)
- Part E: Responsibilities of the Board (79)

Total no of items/ descriptors (185)



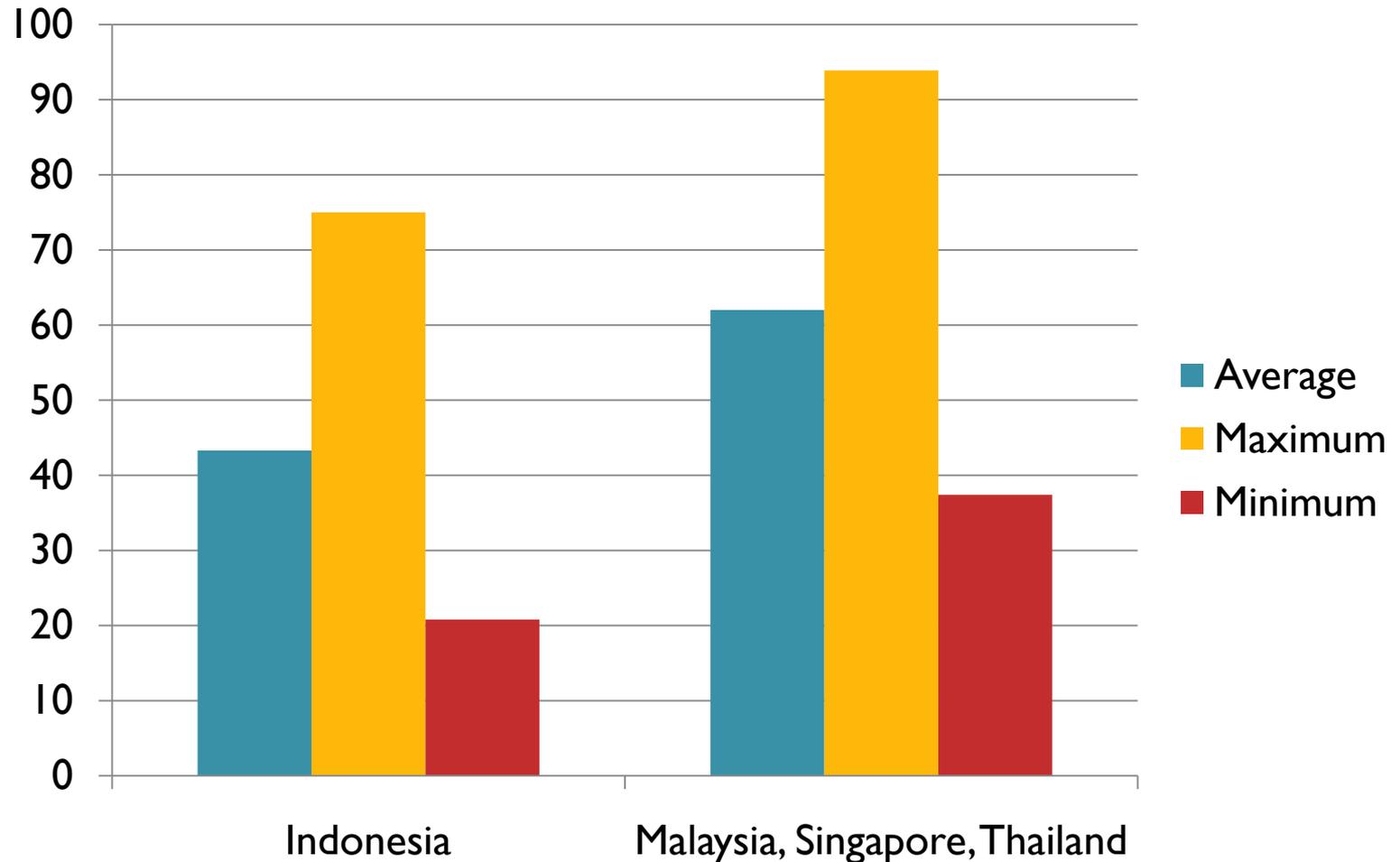
Level 2

Two additional Sections
Bonus & Penalty

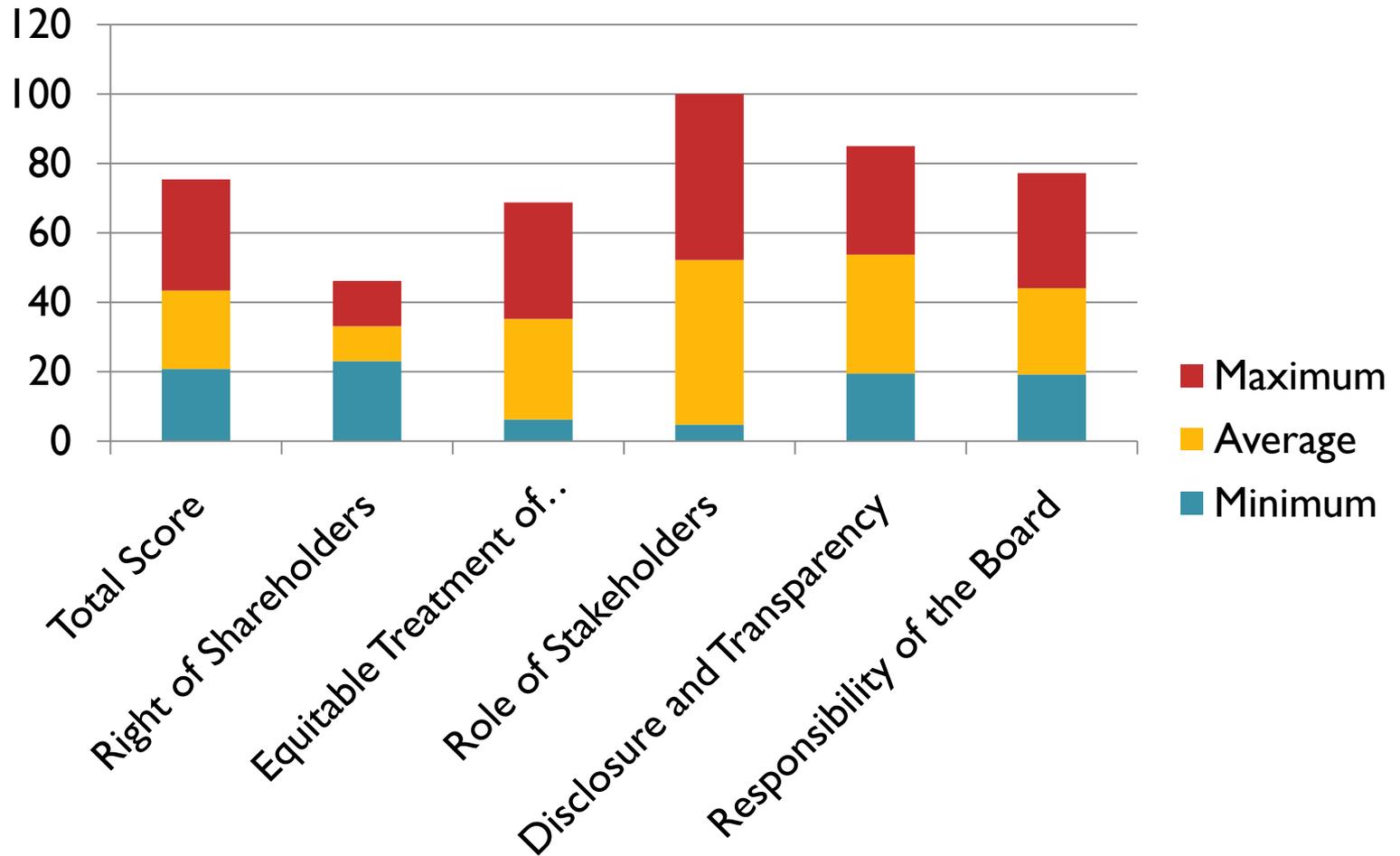
- (11) Bonus items for companies that go beyond minimum standards
- (23) Penalty items for companies with poor practices

Total bonus and penalty items (34)

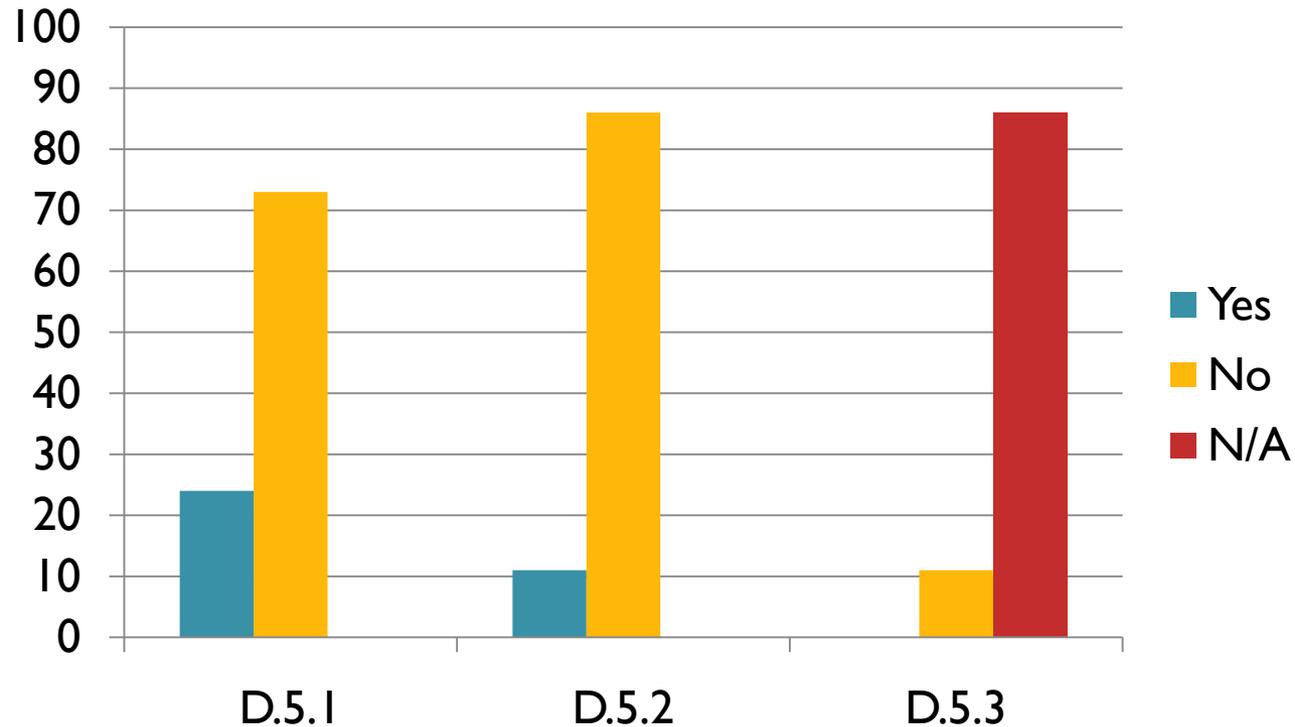
Summary of CG Score – Indonesia and ASEAN countries



CG Scorecard: Results for Indonesia



Disclosure of Audit and Non-Audit Fees in Annual Report



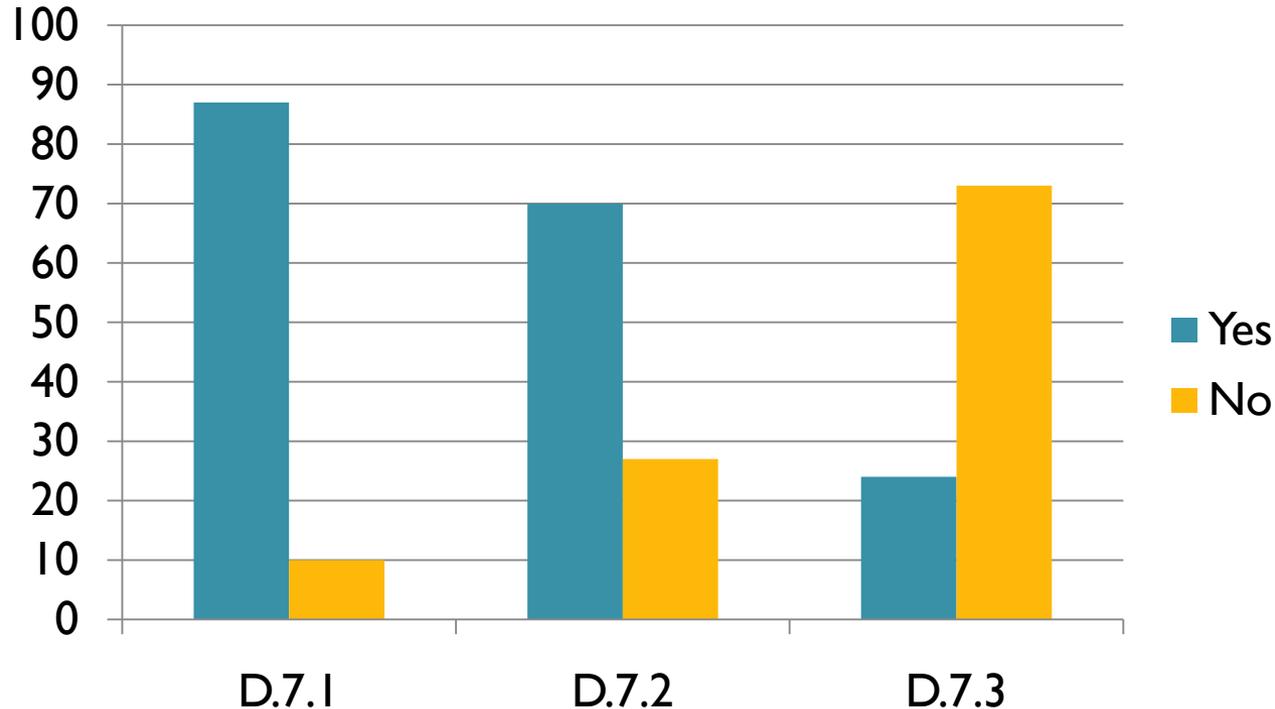
Question:

D.5.1. Are audit fees disclosed?

D.5.2. Are the non-audit fees disclosed?

D.5.3. Does the non-audit fees exceed the audit fees?

Timely Release of Audited Financial Report



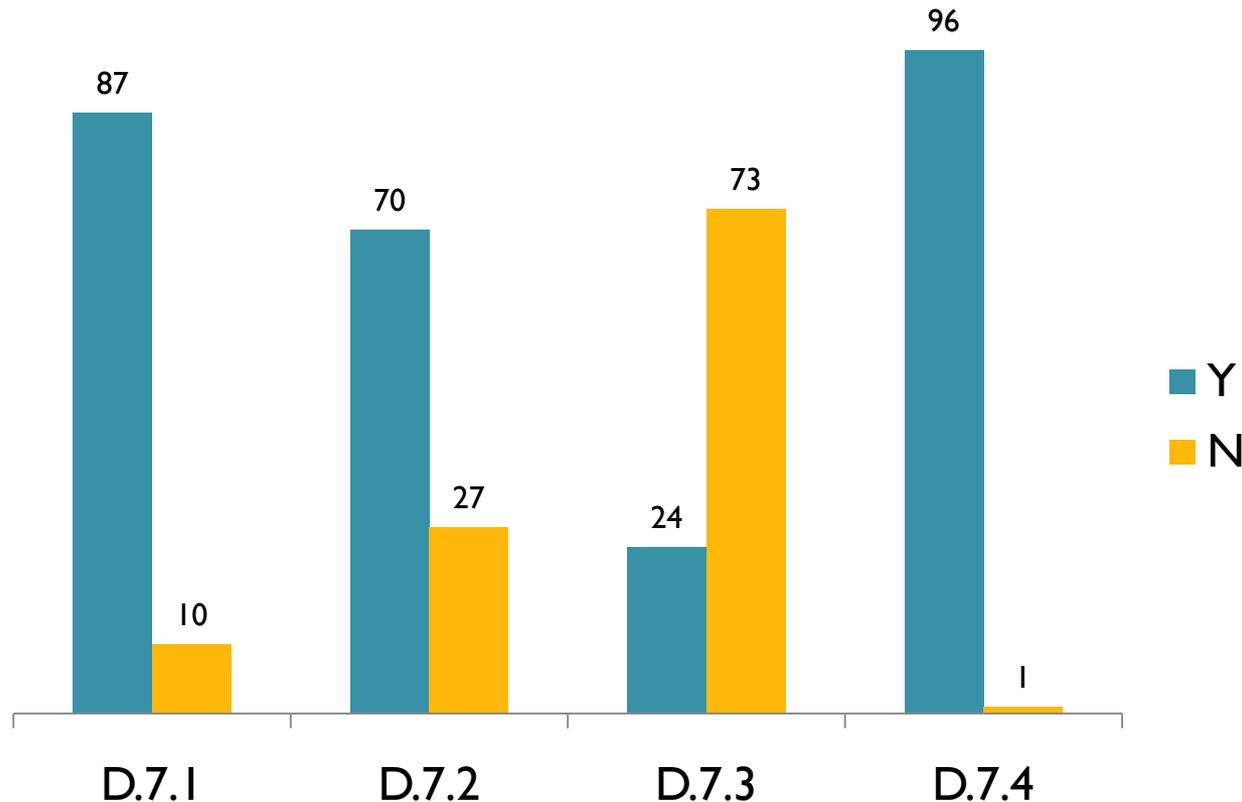
Question

D.7.1. Is the audited annual/financial report released within 120 days from the financial year end?

D.7.2. Is the audited annual/financial report released within 90 days from the financial year end?

D.7.3. Is the audited annual/financial report released within 60 days from the financial year end?

Timely Release of Financial Report



Question

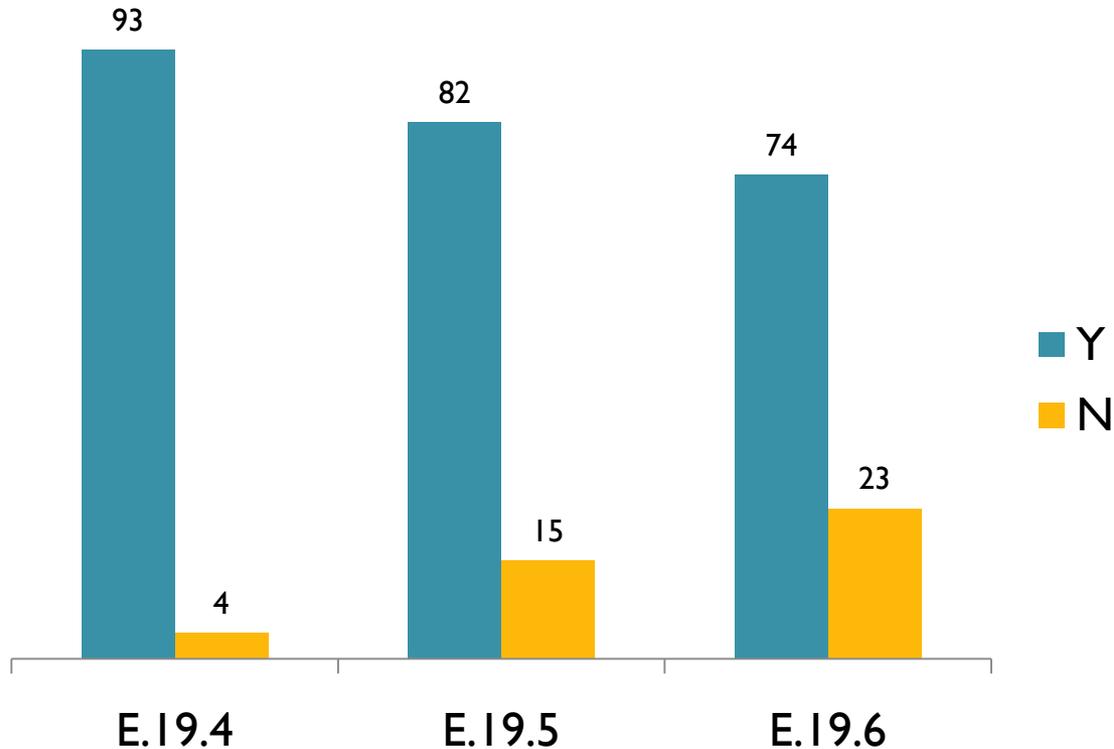
D.7.1. Is the audited annual/financial report released within 120 days from the financial year end?

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D.7.3. Is the audited annual/financial report released within 60 days from the financial year end?

D.7.4. Is the true and fairness/fair representation of the annual financial statement/reports affirmed by the board of directors/commissioners and/or the relevant officers of the company?

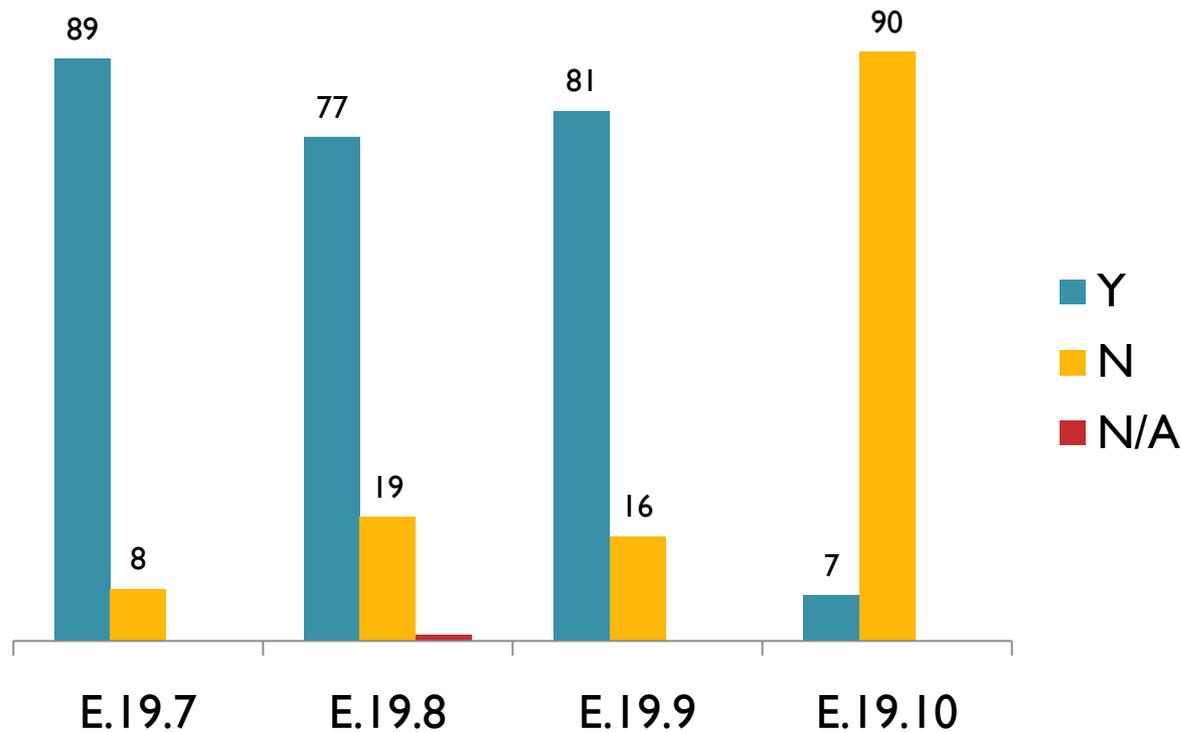
Audit Committee



Question

- E.19.4. Does the company disclose the terms of reference/governance structure/charter of the Audit Committee?
- E.19.5. Does the Annual Report disclose the profile or qualifications of the Audit Committee members?
- E.19.6. Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)?

Audit Committee



Question

E.19.7. Does the Annual Report disclose the number of Audit Committee meetings held?

E.19.8. Did the Audit Committee meet at least four times during the year?

E.19.9. Is the attendance of members at Audit Committee meetings disclosed?

E.19.10. Does the Audit Committee have primary responsibility for recommendation on the appointment, re-appointment and removal of the external auditor?



THANK YOU