

PRESS RELEASE

2016 ANNUAL REPORT AWARDS

Promoting Implementation of Good Corporate Governance (GCG) Principles in Companies in Indonesia

Jakarta, September 19, 2017— The Financial Services Authority (OJK) together with Bank Indonesia, the Indonesia Stock Exchange (IDX), the Directorate General of Taxation, the Ministry of Finance, and the National Committee on Governance (KNKG) and the Indonesia Accounting Association (IAI), held the 2016 Annual Report Awards (ARA). The Awards were first presented in 2002, making this year's event as the 16th ARA.

The ARA aims to promote application of Good Corporate Governance (GCG) principles in companies operating in Indonesia by means of information disclosure and GCG practices, by assessing companies' annual reports and putting forward recommendations for improvements to all ARA participants. Assessment is made based on public data to rate an annual report's information disclosure, in compliance with applicable requirements and guidelines, and whether the information has been presented in a relevant and fair manner.

A total of 314 participants—301 general companies and 13 pension funds—took part in the 2016 ARA. This figure was up 3.63 percent from that of the 2015 ARA.

The 2016 ARA was divided into the following assessment categories:

- 1) Non-Listed Non-Financial State-Owned Enterprises (BUMN)
- 2) Listed Non-Financial State-Owned Enterprises (BUMN)
- 3) Non-listed Financial State-Owned Enterprises (BUMN)
- 4) Listed Financial State-Owned Enterprises (BUMN)
- 5) Non-listed Non-Financial Private Companies
- 6) Listed Non-Financial Private Companies
- 7) Non-Listed Financial Private Companies
- 8) Listed Financial Private Companies
- 9) Non-Listed Regional-Owned Enterprises (BUMD)
- 10) Listed Regional-Owned Enterprises (BUMD)
- 11) Pension Funds

Quantitative assessment on the annual reports submitted by the 2016 ARA participants was conducted based on eight criteria described below complete with their respective weight:

- 1) General contents - weight: 2 percent;
- 2) Summary of Key Financial Information - weight: 5 percent;
- 3) Reports from Board of Commissioners/Board of Supervisors and Board of Directors/Executive Committee/Caretaker Executive Committee - weight: 3 percent;
- 4) Company/Pension Fund Profile - weight: 8 percent;
- 5) Management Analysis and Discussion on Performance of the Company/the Pension Fund- weight: 22 percent;
- 6) Good Corporate/Pension Fund Governance - weight: 35 percent;
- 7) Financial Information - weight: 20 percent; and

- 8) Other issues - weight: +/- 5 percent, namely:
- a. Good corporate governance practices – will give a 5-percent additional weight
 - b. Bad corporate governance practices – will impose a minus 5-percent weight.

Annual Report Awards' Criteria were set by taking into account the requirements/standards and best practices in corporate governance and accounting. The criteria are always updated to synchronize them with dynamic developments both in the standards and the practices.

In the 2016 ARA, a number of changes were made on its criteria in order to align them with OJK regulations concerning Annual Reports of Issuers and Public Companies, Websites, Corporate Secretaries, and Application of Risk Management in Pension Funds.

In addition, the criteria changes also referred to amendments to/the newly issued Indonesian Financial Accounting Standards (PSAK), Decree of the Secretary of the SOE Ministry No. 16 of 2012 on Indicators/Parameters for Assessment and Evaluation of Good Corporate Governance Implementation, the Asean Corporate Governance Scorecard Criteria, results of interviews for the 2015 ARA, results of Focus Group Discussion for the 2015 ARA, and other adjustments made for promoting good corporate governance in non-listed companies.

To maintain integrity and quality of the assessment conducted for the 2016 ARA, the Panel of Judges comprised of members from different institutions, and independent practitioners, economic/capital market analysts, and scholars, who had no conflict of interests with the awards' organizing committee.

The 2016 ARA's judging process consisted of 2 (two) phases, including the quantitative-assessment phase based on the established and published criteria, and the interview phase, which sought high-level views from the companies' leaders about GCG practices in their companies, and confirmed results from the quantitative assessment on annual report contents.

Based on results from both phases, the Panel of Judges chose the 2016 ARA overall winner and winners for each category. Following a range of assessment process, the judges named the first, second, and third winners for each category and the overall winner.

For more information:

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