

PRESS RELEASE

10 Indonesian Listed Companies Are Included in the ASEAN Asset Class Category

JAKARTA - 10 (ten) Listed Companies in Indonesia are included in the ASEAN Asset Class category, which are considered to have good corporate governance and are worthy of being looked at by global investors. The results of the ASEAN Corporate Governance Scorecard (ACGS) assessment of 100 Publicly Listed Companies (“PLCs”) with the largest market capitalization in each country indicate that the level of good governance practices and disclosure is more influenced by the attitude of top management than the size of the Listed Company.

"The ASEAN Corporate Governance Scorecard (ACGS) was created in order to support efforts to increase investor confidence in the quality of companies in the ASEAN region. The results of the 2019 'ASEAN Asset Class' assessment, namely for the financial year ending in 2018, there were 10 (ten) Indonesian Listed Companies that were included in the ASEAN Asset Class list, with a value of 97.5 and above, and there was an increase of 25% when compared to in 2017, there were 8 Listed Companies," explained the Corporate Governance Expert (CG Expert) appointed by the Indonesia Stock Exchange (IDX) to represent Indonesia at the ASEAN Corporate Governance Forum in 2019, Angela Simatupang in her statement in Jakarta, Tuesday (09/06), which is the Indonesian CG Expert since 2016.

Angela added that Indonesia's ASEAN Corporate Governance Scorecard (ACGS) ranking which is considered biennial on average shows a positive growth of 0.3%, from 70.59 in 2017 to 70.8 in 2019. The highest score increased by 3, 9%, from 109.61 to 113.84. However, the lowest score decreased by 8.12%, from 40.9 to 37.58.

She explained the objectives of the ASEAN Corporate Governance Initiative which were introduced by the ASEAN Capital Markets Forum (ACMF), among others, to improve the standards and practices of public corporate governance in ASEAN, provide better international visibility regarding public companies in ASEAN that have good and proper governance to become investment targets, support other ACMF initiatives, and promote companies in ASEAN as asset class. ACMF is a forum for capital market regulators in ASEAN countries.

There are 3 (three) Listed Companies that get the highest ACGS score (Top 3 Indonesia PLCs), namely PT Bank CIMB Niaga Tbk, PT Bank Tabungan Negara (Persero) Tbk, and PT Bank Rakyat Indonesia (Persero) Tbk. Meanwhile, Listed Companies that are included in the ASEAN Asset Class category are PT Antam Tbk, PT Bank Mandiri (Persero) Tbk, PT Bank Central Asia Tbk, PT Bank Permata Tbk, PT Jasa Marga (Persero) Tbk, PT XL Axiata Tbk, and PT. Maybank Indonesia Tbk.

Compared to the ACGS assessment in 2017, in the 2019 ACGS assessment, there were 3 (three) Listed Companies that showed extraordinary efforts and experienced a significant score increase in the implementation and disclosure of their governance practices. The 3 (three) Listed Companies outside

the ASEAN Asset Class category that managed to increase their score significantly, namely PT Elang Mahkota Teknologi Tbk, up 20.73% with a score of 74.04, PT Vale Indonesia Tbk up 20.68% with a score of 83, 36 and PT Adaro Energy Tbk increased 19.06% with a score of 65.03.

"The results of the assessment show that the level of good governance practices and disclosure is strongly influenced by the attitude of the company's top management rather than the size of the company. Apart from that, the availability of tighter regulations also plays a significant role in implementing good governance practices, as shown by the achievement of higher scores recorded by banking listed companies," explained Angela.

Angela has studied governance since 1996 and is one of the compilers of governance guidelines in Indonesia. In addition, Angela is also a member of the International Internal Audit Standards Board (IIASB) at the Institute of Internal Auditors Global and one of the Global Board of Directors of RSM International based in London. Together with the Corporate Governance Experts and Domestic Ranking Body from other ASEAN countries, Angela conducted a review and assessment of the ASEAN Corporate Governance score of 100 large cap listed companies from each country. "The results of the ASEAN Corporate Governance Scorecard assessment in 2019 also showed that there were 7 (seven) Listed Companies that managed to score above 100 compared to 2017 which only 3 (three) Listed Companies" explained Angela. She explained that the corporate governance assessment of the 100 Listed Companies with the largest market capitalization represented 84.3% of the total market capitalization of the Indonesia Stock Exchange as of March 31, 2019 and 15.9% of the total Listed Companies in Indonesia.

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Ranking	Listed Company	Score	Industrial Sector	Information
1	PT Bank CIMB Niaga Tbk.	113.84	<i>Financials</i>	Non-BUMN/D
2	PT Bank Tabungan Negara (Persero) Tbk.	110.29	<i>Financials</i>	BUMN/D
3	PT Bank Rakyat Indonesia (Persero) Tbk.	110.22	<i>Financials</i>	BUMN/D
4	PT Aneka Tambang Tbk.	109.04	<i>Materials</i>	Non BUMN/D
5	PT Bank Mandiri (Persero) Tbk.	107.33	<i>Financials</i>	BUMN/D
6	PT Bank Central Asia Tbk.	101.93	<i>Financials</i>	Non-BUMN/D
7	PT Bank Permata Tbk.	100.16	<i>Financials</i>	Non-BUMN/D
8	PT Jasa Marga (Persero) Tbk.	99.61	<i>Utilities</i>	BUMN/D
9	PT XL Axiata Tbk.	99.59	<i>Telecommunications</i>	Non-BUMN/D
10	PT Bank Maybank Indonesia Tbk.	98.36	<i>Financials</i>	Non-BUMN/D

Source: CG Expert Indonesia, Year 2020

Each ASEAN country appoints a Domestic Ranking Bodies (DRB) and CG Expert to assess companies in ASEAN based on ACGS criteria. Five aspects of the assessment included in the scorecard are shareholder rights, fair treatment of shareholders, stakeholders' role, disclosure, transparency, and finally the responsibility of the board of commissioners and directors. In this case the DRB representing Indonesia is RSM Indonesia.

For the 2019 assessment, of the 600 Listed Companies in ASEAN assessed, 210 Listed Companies in ASEAN were reassessed with peer review by DRB of other countries to ensure that the interpretation of the assessment by DRB has been carried out consistently.

After the peer review process is complete, it is followed by a discussion to reconcile the difference in scores and agree on the final score for the Listed Company. If there is a problem that has not been resolved, the problem will be escalated to the CG Experts for a decision. If in the discussion it is revealed that there is a systemic difference between the DRB assessment and the peer review assessment caused by interpretation, then all Listed Companies will be re-evaluated, including Listed Companies that have not been peer reviewed. This examination process is intended to improve the accuracy of the assessment results.

Furthermore, Angela Simatupang explained that the ranking of Listed Companies in ASEAN is planned to be announced by the ASEAN Capital Market Forum (ACMF) together with the Asian Development Bank (ADB) in Vietnam, but due to the Covid-19 pandemic the schedule for announcing the ranking of Listed Companies in ASEAN will be announced back.

Aspects of Improvement of Listed Companies

Angela Simatupang said, three aspects of improvement that are commonly found in Indonesian Listed Companies that are assessed this year are the timeliness of the publication of the annual report which does not exceed 120 days after the financial year ends, the existence of a statement of compliance with governance provisions in the annual report, and the disclosure of implementation, the results of review and monitoring of the implementation of the company's strategy by management.

"Of the 100 Indonesian Listed Companies with the largest capitalization assessed, the ACGS score in 2019 is the lowest at 37.58 and the country's average score is 70.80; while the highest score in the ACGS assessment in 2019 was 113.84. The level of disclosure of governance of Listed Companies in Indonesia does not occur evenly among all 100 Listed Companies assessed and the assessment results do not show any correlation between market capitalization value and score. Large market capitalization does not correspond to a higher value in the disclosure valuation. In terms of the industrial sector, the financial sector (banking) has the highest average value, while the consumer goods and property sector has a fairly low average value below 65," explained Angela.

In 2019, together with the Financial Services Authority (OJK) and ADB, RSM has held various outreach on governance practices and disclosures expected for Listed Companies in Indonesia. And to support the increase in the ACGS score of Indonesian Listed Companies in the coming year, RSM in collaboration with and supported by the OJK, IDX, and ADB has planned to hold a series of outreach on good governance and disclosure practices for Listed Companies in Indonesia.

IDX Director of Corporate Assessment I Gede Nyoman Yetna said, "IDX is very supportive of the implementation of this ASEAN Corporate Governance Scorecard, as well as a series of cooperation plans that will be carried out together with OJK, RSM, and ADB to Listed Companies in the future, including in the form of capacity building and recognition. This is done in order to optimize the performance of

Listed Companies in Indonesia, so that the scale increases to the same level as the quality of PLCs in ASEAN and in the future in the international arena. In addition, the implementation of Good Corporate Governance accompanied by good disclosure of information can provide investors with comprehensive information on the Listed Company, which is expected to increase the confidence of local and global investors to invest in the Indonesian Capital Market."

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