

PT. AKR Corporindo, Tbk
ASEAN CORPORATE GOVERNANCE SCORECARD (ACGS)

Version: 2017

LEVEL 2
BONUS

No.	Questions	Guiding Reference	Y / N	Implementation	Evidence/Source Document
A	Rights of shareholders				
A.1	Right to participate effectively in and vote in general shareholders meeting and should be informed of the rules, including voting procedures, that govern general shareholders meeting.				
A.1.1 (B)	Does the company allow the use of secure electronic voting in absentia at the general meetings of shareholders?	OECD Principle II (C) (4) Shareholders should be able to vote in person or in absentia, and equal effect should be given to votes whether cast in person or in absentia.	No		

No.	Questions	Guiding Reference	Y / N	Implementation	Evidence/Source Document
B	Equitable treatment of shareholders				
B.1	Notice of AGM				
B.1.1 (B)	Does the company release its Notices of AGM (with detailed agendas and explanatory circulars), as announced to the Exchange, at least 28 days before the date of the meeting?	<p>OECD Principle II (C) (1) Shareholders should be furnished with sufficient and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be decided at the meeting. (3) Effective shareholder participation in key corporate governance decisions, such as the Nomination and election of board members, should be facilitated.</p> <p>OECD Principle III (A) ICGN 8.3.2 Shareholder participation in governance Shareholders should have the right to participate in key corporate governance decisions, such as the right to Nominate, appoint and remove directors on an individual basis and also the right to appoint external auditors.</p> <p>ICGN 8.4.1 Shareholder ownership rights The exercise of ownership rights by all shareholders should be facilitated, including giving shareholders timely and adequate Notice of all matters proposed for shareholder vote.</p> <p>CLSA-ACGA (2010) CG Watch 2010 - Appendix 2. (I) CG rules and practices (25) Do companies release their AGM Notices (with detailed agendas and explanatory circulars) at least 28 days before the date of the meeting?</p>	Yes	As per requirement of Stock exchange / OJK requirement	Notice/invitation of the AGM for the fiscal year 2016 published in newspaper (Bisnis Indonesia), IDX website and also AKR website on March 29, 2017.

No.	Questions	Guiding Reference	Y / N	Implementation	Evidence/Source Document
B.2	Insider trading and abusive self-dealing should be prohibited.				
B.2.1(B)	Does the company have a policy requiring directors / Commissioners and key officers to notify the Board or its delegate at least one day before they deal in the company shares?	<p>OECD Principle III (B) Insider trading and abusive dealing should be prohibited</p> <p>ICGN 3.5 Employee share dealing Companies should have clear rules regarding any trading by directors and employees in the company's own securities. Among other issues, these must seek to ensure individuals do Not benefit from knowledge which is Not generally available to the market.</p> <p>ICGN 8.5 Shareholder rights of action ... minority shareholders should be afforded protection and remedies against abusive or oppressive conduct.</p>	No		

D	Disclosure and transparency				
D.1	Quality of Annual Report				
D.1.1 (B)	Does the company disclose the Identity of advisers/consultants to the remuneration/compensation committee appointed by the board and whether they are deemed independent or they have declared any conflicts of interests?	<p>OECD Principle V (F): The corporate governance framework should be complemented by an effective approach that addresses and promotes the provision of analysis or advice by analysts, brokers, rating agencies and others, that is relevant to decisions by investors, free from material conflicts of interest that might compromise the integrity of their analysis and advice.</p>	N/A	There are no advisor/consultants to the remuneration/compensation committee	

No.	Questions	Guiding Reference	Y / N	Implementation	Evidence/Source Document
E	Responsibilities of the Board				
E.1	Board Competencies and Diversity				
E.1.1(B)	Does the company have at least one female independent director/commissioner?	ICGN 2.4.1 Skills and experience The board should consist of directors with the requisite range of skills, competence, knowledge, experience and approach, as well as a diversity of perspectives, to set the context for appropriate board behaviours and to enable it to discharge its duties and responsibilities effectively.	No		
E.2	Committee				
E.2.1(B)	Does the Committee comprise entirely of independent directors/commissioners ?	ICGN 2.4.4 Composition of board committees The members of these key board committees should be solely Non-executive directors, and in the case of the audit and remuneration committees, solely independent directors. All members of the Nominations committee should be independent from management and at least a majority should be independent from dominant owners.	Yes	Committee consist of Independent Commissioners, President Commissioners and HR Manager.	
E.3	Board Appointments and Re-Election				
E.3.1(B)	Does the company compile a board profile when considering candidates to the board (i.e., identify the professional skills and personal characteristics present on the current board; identify the missing skills and characteristics; and Nominate individuals who could fill possible gaps)?	ASX Code Selection and appointment process and re-election of directors • Disclosure of board selection processes - companies are encouraged to provide greater transparency of the processes which the board adopts in searching for and selecting new directors to the board and to report to shareholders on the processes. Such reporting could include the following: – details as to whether the company develops a board skills matrix and uses this matrix to identify any ‘gaps’ in the skills and experience of the directors on the board – the process by which candidates are identified and selected including whether professional intermediaries are used to identify and/or assess candidates – the steps taken to ensure that a diverse range of candidates is considered – the factors taken into account in the selection process.	Yes		Guideline for BOD & BOC point B: http://www.akr.co.id/userfiles/AKR%20-%20Pedoman%20Kerja%20Direksi%20dan%20Komisaris%202015.pdf

No.	Questions	Guiding Reference	Y / N	Implementation	Evidence/Source Document
E.3.2(B)	Does the company use professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors/commissioners ?	WORLD BANK PRINCIPLE 6 (VI.I.21) Are boards known to hire professional search firms when proposing candidates to the board?	Yes	The Company has not used professional search firms until now but used other external sources	
E.4 Board Structure & Composition					
E.4.1(B)	Has the company set a limit of five board seats in PLCs including its unlisted subsidiaries?		No		
E.5 Board Appraisal					
E.5.1(B)	Does the company appoint an external consultant to facilitate the board assessment at least once every three years?	UK CODE (JUNE 2010) B.6.2 Evaluation of the board of FTSE 350 companies should be externally facilitated at least every three years. A statement should be made available of whether an external facilitator has any other connection with the company	N/A	In Indonesia, BOD is assessed by BOC	

No.	Questions	Guiding Reference	Y / N	Implementation	Evidence/Source Document
E.6	Risk Oversight				
E.6.1 (B)	Does the Annual Report contain a statement from the board of directors/commissioners or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems?	<p>OECD PRINCIPLE 6 (VI) (D) (7) Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.</p> <p>In some jurisdictions it is considered good practice for the internal auditors to report to an independent audit committee of the board or an equivalent body which is also responsible for managing the relationship with the external auditor, thereby allowing a coordinated response by the board. It should also be regarded as good practice for this committee, or equivalent body, to review and report to the board the most critical accounting policies which are the basis for financial reports. However, the board should retain final responsibility for ensuring the integrity of the reporting systems. Some countries have provided for the chair of the board to report on the internal control process.</p>	Yes		Annual Report 2016 pg. 24-26 & 37-38

**LEVEL 2
PENALTY**

No.	Questions	Guiding Reference	Y / N	Implementation	Evidence/Source Document
A	Rights of shareholders				
A.1	Basic shareholder rights				
A.1.1 (P)	Did the company fail or neglect to offer equal treatment for share repurchases to all shareholders?	OECD Principle II (A)	N/A	Not implemented share repurchases	
A.2	Shareholders, including institutional shareholders, should be allowed to consult with each other on issues concerning their basic shareholder rights as defined in the Principles, subject to exceptions to prevent abuse.				
A.2.1 (P)	Is there evidence of barriers that prevent shareholders from communicating or consulting with other shareholders?	OECD Principle II (G) Shareholders, including institutional shareholders, should be allowed to consult with each other on issues concerning their basic shareholder rights as defined in the Principles, subject to exceptions to prevent abuse.	No		
A.3	Right to participate effectively in and vote in general shareholders meeting and should be informed of the rules, including voting procedures, that govern general shareholders meeting.				
A.3.1 (P)	Did the company include any additional agenda item at the most recent AGM for which due Notices has Not been given?	OECD Principle II (C) 2	No		

No.	Questions	Guiding Reference	Y / N	Implementation	Evidence/Source Document
A.4	Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed.				
	Did the company fail to disclose the existence of:				
A.4.1 (P)	Shareholders agreement?	OECD Principle II (D)	No		
A.4.2 (P)	Voting cap?		No		
A.4.3 (P)	Multiple voting rights?		No		
A.5	Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed.				
A.5.1 (P)	Is a pyramid ownership structure and/ or cross holding structure apparent?	<p>OECD Principle II (D): Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed.</p> <p>Some capital structures allow a shareholder to exercise a degree of control over the corporation disproportionate to the shareholders' equity ownership in the company. Pyramid structures, cross shareholdings and shares with limited or multiple voting rights can be used to diminish the capability of Non-controlling shareholders to influence corporate policy.</p>	N/A		

No.	Questions	Guiding Reference	Y / N	Implementation	Evidence/Source Document
B	Equitable treatment of shareholders				
B.1	Insider trading and abusive self-dealing should be prohibited.				
B.1.1 (P)	Has there been any conviction of insider trading involving directors/commissioners , management and employees in the past three years?	<p>OECD Principle III: The Equitable Treatment of Shareholders (B) Insider trading and abusive dealing should be prohibited.</p> <p>ICGN 3.5 Employee share dealing Companies should have clear rules regarding any trading by directors and employees in the company's own securities. Among other issues, these must seek to ensure individuals do Not benefit from knowledge which is Not generally available to the market.</p> <p>ICGN 8.5 Shareholder rights of action ... minority shareholders should be afforded protection and remedies against abusive or oppressive conduct.</p>	No		
B.2	Protecting minority shareholders from abusive action				
B.2.1 (P)	Has there been any cases of Non-compliance with the laws, rules and regulations pertaining to significant or material related party transactions in the past three years?	<p>OECD Principle III (B) Insider trading and abusive dealing should be prohibited</p> <p>ICGN 2.11.1 Related party transactions Companies should have a process for reviewing and monitoring any related party transaction. A committee of independent directors should review significant related party transactions to determine whether they are in the best interests of the company and if so to determine what terms are fair.</p> <p>ICGN 2.11.2 Director conflicts of interest Companies should have a process for identifying and managing any conflicts of interest directors may have. If a director has an interest in a matter under consideration by the board, then the director should Nt participate in those discussions and the board should follow any further appropriate processes. Individual directors should be conscious of shareholder and public perceptions and seek to avoid situations where there might be an appearance of a conflict of interest.</p> <p>ICGN 8.5 Shareholder rights of action Shareholders should be afforded rights of action and remedies which are readily accessible in order to redress conduct of company which treats them inequitably. Minority shareholders should be afforded protection and remedies against abusive or oppressive conduct.</p>	No		

No.	Questions	Guiding Reference	Y / N	Implementation	Evidence/Source Document
C	Role of stakeholders				
C.1	The rights of stakeholders that are established by law or through mutual agreements are to be respected.				
C.1.1 (P)	Has there been any violations of any laws pertaining to labor/employment/consumer/insolvency/commercial/competition or environmental issues?	OECD Principle IV (A) The rights of stakeholders that are established by law or through mutual agreements are to be respected.	No		
C.2	Where stakeholders participate in the corporate governance process, they should have access to relevant, sufficient and reliable information on a timely and regular basis.				
C.2.1 (P)	Has the company faced any sanctions by regulators for failure to make an announcement within the requisite time period for material events?	OECD Principle IV (B) Where stakeholders participate in the corporate governance process, they should have access to relevant, sufficient and reliable information on a timely and regular basis.	No		

No.	Questions	Guiding Reference	Y / N	Implementation	Evidence/Source Document
D	Disclosure and transparency				
D.1	Sanctions from regulator on financial reports				
D.1.1 (P)	Did the company receive a "qualified opinion" in its external audit report?	OECD Principle V: Disclosure and Transparency (B) Information should be prepared and disclosed in accordance with high quality standards of accounting and financial and Non-financial disclosures. (C) An annual audit should be conducted by an independent, competent and qualified, auditor in order to provide an external and objective assurance to the board and shareholders that the financial statements fairly represent the financial position and performance of the company in all material respects. (D) External auditors should be accountable to the shareholders and owe a duty to the company to exercise due professional care in the conduct of the audit.	No		
D.1.2 (P)	Did the company receive a "adverse opinion" in its external audit report?	ICGN 6.2 Annual audit The annual audit carried out on behalf of shareholders is an essential part of the checks and balances required at a company. It should provide an independent and objective opinion that the financial statements fairly represent the financial position and performance of the company in all material respects, give a true and fair view of the affairs of the company and are in compliance with applicable laws and regulations. ICGN 7.3 Affirmation of financial statements The board of directors and the appropriate officers of the company should affirm at least annually the accuracy of the company's financial statements or financial accounts	No		
D.1.3 (P)	Did the company receive a "disclaimer opinion" in its external audit report?	International Auditing Standard (ISA) N. 705 "Modifications to the Opinion in the Independent Auditor's Report" (2009). Paras. 7, 8 and 9 specify the three types of modifications to the auditor's opinion; that is, Qualified opinion, Adverse opinion, and Disclaimer opinion respectively.	No		
D.1.4 (P)	Has the company in the past year revised its financial statements for reasons other than changes in accounting policies?		No		

No.	Questions	Guiding Reference	Y / N	Implementation	Evidence/Source Document
E	Responsibilities of the Board				
E.1	Compliance with listing rules, regulations and applicable laws				
E.1.1(P)	Is there any evidence that the company has Not complied with any listing rules and regulations over the past year apart from disclosure rules?	<p>OECD Principle VI (D) (7) Ensuring the integrity of the corporation’s accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.</p> <p>Companies are also well advised to set up internal programs and procedures to promote compliance with applicable laws, regulations and standards, including statutes to criminalize bribery of foreign officials that are required to be enacted by the OECD Anti-bribery Convention and measures designed to control other forms of bribery and corruption. Moreover, compliance must also relate to other laws and regulations such as those covering securities, competition and work and safety conditions. Such compliance programs will also underpin the company’s ethical code.</p>	No		
E.1.2(P)	Have there been any instances where Non-executive directors/commissioner have resigned and raised any issues of governance-related concerns?	<p>UK CODE (JUNE 2010) A.4.3 Where directors have concerns which cannot be resolved about there running of the company or a proposed action, they should ensure that their concerns are recorded in the board minutes. On resignation, a Non-executive director should provide a written statement to the chairman, for circulation to the board, if they have any such concerns.</p>	No		
E.1.3(P)	Have there been major corporate scandals that point to weak board of directors/commissioners oversight?	<p>OECD PRINCIPLE VI.D.7. Ensuring the integrity of the corporation’s accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.</p> <p>Ensuring the integrity of the essential reporting and monitoring systems will require the board to set and enforce clear lines of responsibility and accountability throughout the organization. The board will also need to ensure that there is appropriate oversight by senior management.</p>	No		

No.	Questions	Guiding Reference	Y / N	Implementation	Evidence/Source Document
E.2	Board A				
E2.1(P)	Does the Company have any independent directors/commissioners who have served for more than nine years?	<p>OECD Principle V (C) An annual audit should be conducted by an independent, competent and qualified, auditor in order to provide an external and objective assurance to the board and shareholders that the financial statements fairly represent the financial position and performance of the company in all material respects.</p> <p>Examples of other provisions to underpin auditor independence include, a total ban or severe limitation on the nature of Non-audit work which can be undertaken by an auditor for their audit client, mandatory rotation of auditors (either partners or in some cases the audit partnership), a temporary ban on the employment of an ex-auditor by the audited company and prohibiting auditors or their dependents from having a financial stake or management role in the companies they audit.</p>	No		
E2.2(P)	Did the company fail to provide justification and obtain shareholder's approval for retaining the independent director(s)/commissioner(s) beyond nine years?	<p>Malaysian Code on Corporate Governance Recommendation 3.3: The board must justify and seek shareholders' approval in the event it retains as an independent director, a person who has served in that capacity for more than nine years.</p> <p>Singapore Code of Corporate Governance Paragraph 2.4: The independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the Board should also take into account the need for progressive refreshing of the Board. The Board should also explain why any such director should be considered independent.</p>	No		
E2.3(P)	Did the company fail to disclose the date of first appointment of each independent directors(s)/commissioner(s)?		No		
E2.4(P)	Did the company fail to disclose the identity of the independent director(s)/commissioner(s)?	<p>ICGN 2.4 Composition and structure of the board ICGN 2.4.1 Skills and experience ICGN 2.4.3 Independence</p>	No		

No.	Questions	Guiding Reference	Y / N	Implementation	Evidence/Source Document
E.3	External Audit				
E.3.1(P)	Is any of the directors or senior management a former employee or partner of the current external auditor (in the past 2 years)?	<p>OECD Principle V (C) An annual audit should be conducted by an independent, competent and qualified, auditor in order to provide an external and objective assurance to the board and shareholders that the financial statements fairly represent the financial position and performance of the company in all material respects.</p> <p>Examples of other provisions to underpin auditor independence include, a total ban or severe limitation on the nature of Non-audit work which can be undertaken by an auditor for their audit client, mandatory rotation of auditors (either partners or in some cases the audit partnership), a temporary ban on the employment of an ex-auditor by the audited company and prohibiting auditors or their dependents from having a financial stake or management role in the companies they audit.</p>	Yes	Ms. Termurti Tiban (Director) has been appointed as Director of the Company in 2015 who served external auditor . She was appointed as a Director after 1 year of resigning from audit firm.	Annual Report 2016 pg.44
E.4	Board structure and composition				
E.4.1 (P)	Has the chairman been the company CEO in the last three years?		No		