



2005 Policy Dialogue on Indonesia - Agenda

Corporate Governance

**Bali, Indonesia
7 September 2005**



INDONESIAN CAPITAL MARKET SUPERVISORY AGENCY

Co-hosted by:



JAKARTA STOCK EXCHANGE



SURABAYA STOCK EXCHANGE



National Committee of Governance Policy

In partnership with:

The Government of Japan

The Global Corporate Governance Forum



Wednesday 7 September 2005 - Afternoon Session: Corporate Governance Developments in Indonesia

13:30 – 15:15

Session 1: The Role of the Board in Corporate Governance

- ◆ The Responsibilities of the Board, presentation by **Mr. Mats Isaksson**, Head, Corporate Affairs Division, OECD
- ◆ Presentation by **Mrs. Gerdina Ter Huurne**, Ministry of Justice, The Netherlands
- ◆ Discussant from Indonesia: **Mr. Fred B.G. Tumbuan**, from Tumbuan, Pane Legal Consultant, Indonesia

Floor Discussion - Moderator: **Mr. Jusuf Halim**, Indonesian Institute of Audit Committee

15:15 – 15:30

Coffee/tea break

15:30 – 17:00

Session 2: Corporate Governance in Groups of Companies

- ◆ A Japanese perspective, presentation by **Professor Hideki Kanda**, University of Tokyo, Japan
- ◆ “The economic importance of good Corporate Governance”, presentation by **Mr. Christian Strenger**, Member of the German Government Commission on Corporate Governance, Chairman International Corporate Governance Network, Germany
- ◆ Discussant from Indonesia: **Professor Dr. Mas’ud Machfoedz**, University of Gajah Mada, Indonesia

Floor Discussion - Moderator: **Mr. M.S. Sembiring**, Director of Trading and Membership, Jakarta Stock Exchange, Indonesia

17:00 – 17:15

Session 3: Report on the Observance of Standards and Codes (ROSC), Corporate Governance Country Assessment, August 2004

Presentation by **Mr. Behdad Nowroozi**, Senior Financial Management Specialist, East Asia & Pacific Region, the World Bank

17:15 – 17:45

Concluding session: Summary

Moderator: OECD

19.00-21.00

Welcoming Dinner hosted by National Committee on Governance Policy
Speech by: Chairman of National Committee on Governance Policy
End of Seminar

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Notes to the agenda and issues for discussion

On 7 September 2005, half a day seminar focusing on corporate governance framework will take place in Bali, Indonesia. The 2005 Asian Roundtable on Corporate Governance will take place in Bali, Indonesia, on 8 - 9 September 2005, and will focus on Corporate Governance developments in Asia Roundtable economies since the publication of the Asia White Paper in 2003, Corporate Governance of Banks in Asia and Corporate Governance of State Owned Enterprises in Asia. The Roundtable will start on 8 September at 9:00 and finish on 9th at 16:30.

Session 1: The Role of the Board in Corporate Governance

The functioning of boards of directors in companies has been in the focus of attention ever since the Asian financial crisis, and in particular also the big corporate scandals throughout the world. Also in Indonesia this is still a big issue. Not at least because of the two tier system used for listed companies. This session will focus on what the key problems on this topic in Indonesia are, for example how a dual board system should and / or may work. Chapter VI of the OECD Principles on Corporate Governance specifically deals with the responsibilities of the board and will be discussed. This presentation will provide the framework for the presentations from Indonesia and the Netherlands (one of the few countries with a two tier system, along with Germany and China). The last presentation will focus on how The Netherlands have dealt with this issue in its amendment of the corporate governance framework.

Issues for discussion

- ◆ Is there a future for the two tier system under Indonesian law?
- ◆ What are the priorities for policy reform to improve the functioning of boards in Indonesia?

Session 2: Corporate Governance in Groups of Companies

Corporate governance of groups of companies (conglomerates) has been identified as one of the key problems in the Indonesian regulatory framework today. The role of large blockholders, the relationship between controlling owners versus minority shareholders, related party transactions within the group, political influence, conflicts of interest are some of the well known issues. The challenge is how corporate governance policy should tackle not only the corporate governance problems at the individual company level but also address the need for good corporate governance at the group level. This session will identify what the shortcomings are in the legal / regulatory framework currently observed, both in Indonesia and other countries and also what possible solutions are available.

Issues for discussion

- ◆ How can corporate and / or securities legislation tackle corporate governance problems at group level?
- ◆ What solutions have been used in other countries to effectively enforce corporate governance regulation on groups of companies?

Session 3: Report on the Observance of Standards and Codes (ROSC), Corporate Governance Country Assessment

In August 2004 the corporate governance assessment of the Republic of Indonesia was completed as part of the joint World Bank-IMF program of Reports on the Observance of Standards and Codes (ROSC). It benchmarks the country's observance of corporate governance against the OECD Principles of Corporate Governance and is based on a template developed by the World Bank. This presentation will focus on key findings of the ROSC.