

“For Indonesian companies whose fiscal year follows the calendar year, the deadline of 30 June for holding this year’s AGM is fast approaching.”



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## AGM Reminder 2017

For those companies who have completed their tax reporting responsibilities for 2016 accounting year, it is time to turn the board’s attention to the Annual General Meeting (“**AGM**”). Corporate governance matters are becoming increasingly important in Indonesia and for many companies, the AGM is the most important embodiment of corporate governance for the year. It is also when final dividends, if any, are decided. For those Indonesian companies whose fiscal year follows the calendar year, the deadline of 30 June for holding this year’s AGM is fast approaching.

The Board of Directors is required to submit an annual report to the shareholders at the AGM, after review by the Board of Commissioners. The annual directors’ report must cover a number of stipulated items including, amongst others:

- financial statements;
- an activity report; and
- a social and environmental responsibility report.

The Board of Commissioners should also report to the AGM on its supervisory activities for the past year.

Certain companies have specific audit requirements which may require certain parts of the audited financial statements (balance sheet and profit-loss statement) to be announced in the newspapers after being approved by the GMS. It is worth noting that in accepting the annual report, it is common for the GMS to acquit the Board of Directors and Board of Commissioners of their management and supervisory responsibilities for the past year to the extent that their activities are reasonably disclosed to the GMS in the report and not illegal.

So far as the AGM itself is concerned, many companies conduct this by way of circular written resolutions of all shareholders in lieu of a physical meeting which should be held at the company’s domicile or if otherwise unanimously agreed, anywhere else in Indonesia. In addition to the submission of the annual report (including approval of the financial statements) and the declaration of final dividends, as referred to above, the re-appointment or replacement of the company’s officers and auditors may also be undertaken at the AGM, as necessary.

Preparation for the AGM is also a good opportunity for those responsible to check compliance with other corporate requirements that may be relevant, for example the filing of LKPM reports to BKPM, offshore loan reports, manpower reports, checking terms of office of directors and commissioners and such like.

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