

invest **FUTURE** growth
for





INVEST FOR FUTURE GROWTH

As a sovereign wealth fund, Indonesia Investment Authority is mandated to enhance and optimize investment value to foster the nation's sustainable economic growth and prosperity. Through the strategic allocation of investments across various sectors, INA endeavors to generate economic and financial multipliers, thereby propelling Indonesia toward a brighter and more prosperous future. By maintaining a firm commitment to responsible investment practices and implementing good governance, INA strives to build a robust portfolio that not only yields financial returns but also contributes to the nation's social and environmental progress. INA aims to catalyze transformative projects that foster economic development and bolster Indonesia's global competitiveness through the effective use of its resources.

Leveraging strengths in strategic partnerships and astute investment decisions, INA commits to optimizing investment outcomes for the benefit of both current and future generations. By adopting prudent investment risk management and a forward-looking investment approach, INA contributes to shaping the economic landscape of Indonesia and unlocking new opportunities for sustainable growth.

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WELCOME NOTE FROM THE MANAGEMENT

“Strengthening Role, Developing Future Prosperity”

INA constantly engages in positive-impact investments that support Indonesia's vision for sustainable development. The year 2023 was focused on developing a quality and value-added investment portfolio with optimal improvements in operating models, strengthening governance, and team development to support INA's needs in fulfilling its mandate. INA's performance continues to grow with sustainable investment deployment and a reputation that further increases investor confidence, contributing to the growth of Indonesia's investment climate. INA remains committed to optimizing potential and opportunities while delivering the best performance for a sustainable future.



WELCOME NOTE FROM THE CHAIRMAN OF SUPERVISORY BOARD



Sri Mulyani Indrawati

Chairman of Supervisory Board/Ex-officio Member of Supervisory Board

INA plays an important role and becomes an integral part in driving inclusive and sustainable economic growth in Indonesia. With its forward-looking and nation-prosperity-oriented approach, INA acts as a catalyst for sustainable development in Indonesia. INA's commitment to effective investment strategies as well as solid and measurable risk management have also contributed to stabilizing the investment landscape, thereby increasing investor confidence in Indonesia. INA's operations are conducted professionally by implementing international standard best governance, to ensure in setting benchmarks for transparent and accountable investment practices in Indonesia.

DEAR ESTEEMED STAKEHOLDERS,

We express our gratitude to God Almighty, for the blessings and grace bestowed upon us. In 3 (three) years of operation, INA has established itself as one of the globally recognized alternative investment financing instrument in Indonesia. In representing the Supervisory Board, we are pleased to present the annual report of the Indonesia Investment Authority (INA) for fiscal year 2023. This report presents INA's achievements, challenges, and future prospects, highlighting our commitment to advancing Indonesia's sustainable economic growth and development. Throughout 2023, INA remained dedicated to its mission of catalyzing investment, fostering the development of domestic strategic assets, and creating long-term value for the Indonesian people.

The year 2023 was an important year for INA, as we accelerated our mission to drive Indonesia's economic growth and sustainable development. Our focus on effective investment strategies, our solid and measurable risk management, as well as the development of strong partnerships enabled us to establish a robust portfolio in the midst of domestic and global challenges. We continue to uphold the highest standards of governance and accountability to ensure that our stakeholders' interests are maintained.

ECONOMIC AND INVESTMENT LANDSCAPE AND INDONESIAN BUSINESS PROSPECT

In 2023, Indonesia's economic and investment landscape demonstrated resiliency amidst global and domestic challenges. The economy grew by 5.1% year-on-year, driven by strong domestic consumption, strategic infrastructure investment, and increased participation in global

trade. Indonesia's trade balance also achieved a USD36.9 billion surplus in 2023, indicating the country maintained its trade performance despite a global economic slowdown. In 2023, Indonesia's inflation rate was stable and controlled within the target range of 3%±1, achieving 2.6% year-on-year, a decrease from 5.5% in 2022. This is the lowest achievement in the recent 2 (two) decades, excluding the pandemic-affected period (2020–2021).

Fiscally, the State Budget (APBN) played a critical role in providing stimulus to the national economy through all fiscal instruments, including government expenditure, revenue, and investment. Fiscal consolidation was well maintained while performing its role to boost the economy; hence, the state budget position at the end of 2023 remained healthy and strong, exceeding targets ahead of the curve.

Despite these positive domestic improvements, Indonesia has also experienced external challenges such as commodity price fluctuations and geopolitical uncertainties that pose risks to overall economic stability. The global economic growth projection for 2024 is also predicted to decline from the previous period, with the International Monetary Fund (IMF) forecasting 3.1% and the World Bank forecasting 2.4%.

Amidst these conditions, INA's role becomes increasingly important. INA's proactive approach in accelerating investments, particularly in infrastructure projects, has been a driving force in Indonesia's sustainable economic development. By partnering with local and international entities, INA has contributed to infrastructure financing gap, enhanced connectivity, and established a favorable environment for sustainable investment opportunities.

Moreover, INA's commitment to effective investment strategies and solid, measurable risk management has contributed to stabilizing the investment landscape, hence increasing investor confidence in Indonesia. INA's steadfast dedication to upholding the highest standards of governance and accountability has not only protected the interests of the stakeholders but has also set a benchmark for transparent and responsible investment practices in Indonesia.

THIRD YEAR OF OPERATIONS

Aligned with the theme "The Year of Portfolio Building," INA, in its third year of operations, focused on enhancing portfolio value and achieving targets specified in the

INA 2023 Annual Work Plan and Budget (RKAT). During the year, INA successfully realized investments in several projects totaling Rp19.8 trillion (equivalent to USD1.3 billion). These investments targeted strategic domestic sectors, such as health, green energy, infrastructure (toll roads), logistics (warehousing), and digital infrastructure, projected to yield returns in line with the co-investors' and INA's expectations, as well as economic and social multiplier effects on the economy as a whole.

Cumulatively, INA and co-investors' total investments over 3 (three) years of operation reached USD3.2 billion, or Rp50.1 trillion, a progressive achievement compared to the government's Rp75 trillion capital injection into INA. Out of the accumulated investment, INA has deployed a total of Rp31.3 trillion (equivalent to USD 2.1 billion).

Beyond attracting capital inflow into the country, INA's investments also bring in expertise and knowledge transfers from co-investors, resulting in optimal value creation on investment deployments. INA's investments also indirectly benefit the ecosystem of the investment assets, which includes creditors, operators, and other related parties.

For example, INA partnered with global investors (INA Consortium) to invest in geothermal operators in Indonesia. Aside from providing investment to develop geothermal power plants in Indonesia, the INA Consortium adds value through operational synergies armed with operational expertise and good track records (credentials), and risk-sharing in asset development, hence optimizing Indonesia's capacity as the world's second-largest geothermal producer.

Since 2022, INA has been a full member of the International Forum of Sovereign Wealth Funds (IFSFW), which provides INA with access to understand the framework and implementation of global governance standards (The Santiago Principles). INA's partnerships with investors are selective and synergistic with globally reputable investors and expertise aligned with the investment objects. INA is currently partnering with the Government of Singapore Investment Corporation (GIC), Abu Dhabi Investment Authority (ADIA), Algemene Pensioen Groep (APG), BlackRock, Silk Road Fund, GDS, and PT MC Urban Development Indonesia (MCUDI). INA also collaborates with world-class consultants in their fields for operational and investment undertakings, such as strategic consultants, due-diligence consultants, and independent auditors.

In 2023, to expand funding opportunities from domestic and global capital markets, INA was in the process of acquiring its initial credit ratings for national and international levels from Fitch Ratings, as well as obtaining BBB (Stable) for International ratings and AAA (Idn) for national ratings. These credit ratings will reflect the independent party's assessment of INA's credibility and serve as a benchmark for INA's funding risk level by third parties.

INA also continues to strengthen its organizational structure according to specific needs, particularly by establishing a special portfolio management division (Strategic Operations Division) and recruiting top talent to ensure the increase of INA's asset values. Governance is also continually maintained and refined to accommodate organizational and external developments while remain adhering to the best international practices.

BOARD OF DIRECTORS' PERFORMANCE

By the end of 2023, INA and co-investors had disbursed investments with a total value of ~Rp29.6 trillion (~USD1.9 billion), with INA's portion reaching Rp19.6 trillion (~USD1.3 billion) or 130.6% of the 2023 target of Rp15 trillion (~USD1 billion). The investments were made in 6 (six) deals with a total of 9 (nine) assets/projects across sectors, such as health (pharmaceuticals), infrastructure (toll roads), digital infrastructure, geothermal, and logistics. This resulted in an increase of Rp37.7 trillion in total Assets Under Management (AUM) for INA and its investors in 2023, bringing INA's total AUM to Rp147.6 trillion by the end of 2023. In addition, INA's portfolio also recorded an aggregate increase in value.

Financially, INA's revenue and net profit realization in 2023 reached Rp5.4 trillion and Rp4.3 trillion, respectively, exceeding INA's Annual Work Plan and Budget (RKAT) targets for 2023. Subsequently, INA's assets increased significantly to Rp116.9 trillion or 116% of the RKAT target for 2023, and grew by 17% from Rp99.8 trillion of total assets in the previous period.

In terms of operations, the Supervisory Board generally considers that the Board of Directors has diligently carried out the institution with adequate organizational structure, human resources, regulatory framework, and supporting infrastructure. This is accomplished, among others, by maintaining a balance between economic aspects, effectiveness, and efficiency while always practicing good governance.

The Supervisory Board concluded that, on the basis of achievements in 2023, INA's performances in its investment, financial, and operational aspects have been properly realized from the 2023 RKAT targets and improved over the achievements of the previous period. The Board of Directors has made efforts to improve the investment process at every stage, from pipeline exploration (sourcing), deal closing, value creation, and divestment (exit). The Supervisory Board appreciates these achievements; nevertheless, the Board of Directors shall prioritize aspects that have not been optimally realized and take them as lessons learned, as well as enhance institutional relationships to foster INA's future performance improvements.

The Board of Directors has demonstrated the necessary efforts to improve investment deployment and prepare all the required support infrastructure and superstructures, including an effective organizational structure, top talents in their fields, and adequate governance. This is evident by INA's overall achievements during the year, which have improved over the previous period. These achievements must also be accompanied by efforts to ensure optimal increase in value and co-investor participation in every INA investment, thereby ensuring that the mandate and objectives of INA's establishment are met.

SUPERVISORY BOARD'S ROLE

The Supervisory Board conducts comprehensive oversight of all INA's operational aspects, including investment, governance, financial performance, and organizational aspects. In its oversight, the Supervisory Board continuously supports the Board of Directors

through discussions, consultations, and advice to ensure that INA achieves the investment targets set within the prevailing governance and regulatory corridors.

The RKAT is a strategic document regarded by the Supervisory Board as the main reference for its supervision on the Board of Directors' management. The Supervisory Board's oversight also refers to the Supervisory Board Regulations (PDP), which serve as the foundation and basic reference (good governance) of INA's derivative regulations and procedures that are continuously improved as a living document by considering the organizational dynamics and oversight needs, while still referring to INA-related laws and regulations.

In some of the Supervisory Boards directives in 2023, the Board of Directors needs to anticipate the challenges in deploying and increasing investment value, especially recurring obstacles and those that have occurred in the previous periods. The Board of Directors also needs to continually adopt a transparent and adaptive approach in developing effective and constructive solutions and breakthroughs that can bridge the aspirations of all parties.

The Supervisory Board always urges the Board of Directors to strengthen stakeholder management strategies, particularly regulators and other public entities to understand and provide understanding to the public ecosystem, which is crucial in supporting the efficient execution of INA's investment transactions.

Furthermore, the Supervisory Board expects the Board of Directors to continuously explore and expand investment potential both from the type, characteristics, sectors, and owners of investment target assets as part of the progressivity of investment strategies and risk mitigation for achieving investment targets.

In carrying out its oversight functions, the Supervisory Board is assisted by 3 (three) committees: the Audit Committee, the Ethics Committee, and the Remuneration and Human Resources Committee. The committees have performed its duties and authorities to assist the Supervisory Board's oversight on the Board of Directors' management in a proactive, professional, and active manner. The realization of the committee's supervisory duties in 2023 is at least reflected through meetings, namely 12 meetings of the Audit Committee, 8 (eight) meetings of the Ethics Committee meetings, and 23 meetings of the Remuneration and HR Committee. Furthermore, the committees also coordinated with relevant management units/ divisions. The oversight results and deepening at the technical level by the committees were subsequently submitted to the Supervisory Board as input/recommendations regarding the implementation of duties and direction to the Board of Directors.

CORPORATE
GOVERNANCE
OVERSIGHT

We noted that the Board of Directors commits to continuously improving the quality of governance, internal control systems, and risk management by considering best practices, practicality, and operational dynamics in both INA's internal and external environments.

These continuous improvements are crucial to ensure INA's governance effectively supports its overall investment process.

To ensure relevance and conformity with business activities and prevailing laws and regulations, INA has completed periodic reviews of all applicable Board of Directors Regulations (PDD) consisted of 12 PDDs with 36 policies, and made substantive improvements to 25 policies, additional 2 (two) new policies, and adjustments to all policies in relation with the enactment of Law No. 6 of 2023 (Job Creation Law).

INA has developed a Code of Ethics that is adhered to by the Board of Directors and employees and is outlined in an integrity pact. As a form of control over insider trading risks and conflict of interest, a negative list of companies related to INA investments is published monthly to be referenced by all INA employees. Any receipt of gratification must be reported to the Division acting as the Gratification Control Unit (UPG). INA also has a whistleblowing system named INA Integrity Line, which is accessible by the public for reporting alleged violations by INA organs and employees.

To strengthen INA's reputation at the national and international levels, the Supervisory Board also encourages the Board of Directors to be more proactive in engaging in domestic and international events. Moreover, to stay relevant with best practices in global investment, INA always maintains that its investment execution takes social and environmental responsibilities into account, including by integrating environmental, social, and

governance (ESG) principles into INA's investment decision-making, portfolio monitoring, and annual reporting.

EFFECTIVENESS OF
INTERNAL CONTROL
SYSTEM AND RISK
MANAGEMENT

Risk management is carried out in an integrated, comprehensive, and consistent manner in the entire investment process, both prior to the transaction and during monitoring by units related to the 1st line of defense and the Divisions that manage Risk Management and Compliance as the 2nd line of defense. INA has also implemented Risk Control Self-Assessment (RCSA) as an assessment of risk control implementation within the Risk Register.

INA has also launched a Risk and Compliance Dashboard that summarizes ongoing governance oversight and monitoring of existing portfolios, violations, and necessary consultations. In addition, internal audits have been conducted on the areas that are considered to have a high-risk level (risk-based audit), and the audit results concluded no significant control deficiencies.

FUTURE PROSPECTS

The commitment and investment participation of leading global investor partners in INA investments, coupled with the success of the investment's deployment and value creation, prove that INA has been accepted as one of the credible alternative financings domestically and globally. This is crucial not only for INA, but also can provide a strong positive signal regarding the government's seriousness through INA in driving Indonesia's investment

ecosystem, thereby establishing Indonesia as a viable, ready, and potential long-term investment destination.

We also believe that the government's seriousness in improving the investment climate in Indonesia coupled with Indonesia's economic resilience, as indicated by economic growth, financial sector development, monetary stability, and fiscal consolidation, will instill investors' confidence to invest in Indonesia. On the other hand, there is a need for private sector investment to facilitate the transformation towards a *Indonesia Emas 2045* (long term vision of Indonesia), which will increase domestic investment opportunities in Indonesia and more accessible. This will provide room including for INA to perform its role in fostering Indonesian investments.

Going forward, in line with the 2024 theme of "The Year of Sustainable Development", INA focuses on sustainable growth while continuing to deploy investments in priority and opportunistic sectors, drive portfolio rebalancing, and increase risk diversification with adequate fundraising support. This aims to foster the development of a good, strong, and balanced portfolio overall.

APPRECIATION

As we move forward, we remain committed to continuous internal improvements and pursue innovative opportunities that will create value for our investors and contribute to Indonesia's prosperity. The commitment of our team, the support of our stakeholders, and the trust of our partners have been instrumental in INA's achievements, and we are dedicated to taking INA to the next phase, leveraging the existing foundations.

Jakarta, May 2024
On behalf of the Supervisory Board

Sri Mulyani Indrawati
Chairman of Supervisory Board/
Ex-officio Member of Supervisory Board

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



Dr. Ridha D. M. Wirakusumah
Chief Executive Officer (CEO)

We extend our deepest gratitude to the Almighty God for the continuous guidance and blessings, which have enabled Indonesia Investment Authority (INA) to progress through 2023. Over the course of its three-year journey, INA has increasingly solidified its role as an instrumental sovereign wealth fund (SWF) dedicated to fostering improvements in Indonesia's investment landscape.

INA's collaboration with both global and local investment partners offer a new and credible financing alternative in the form of capital participation, directly supporting Indonesia's sustainable development. This specific source of capital not only yields positive impacts for targeted investment companies but also benefits Indonesia by reducing debt dependency and bringing new technologies and competencies to the country.

INA's investment model incorporates a financial multiplier capability of attracting substantial capital inflows from investment partners. Furthermore, INA investment has the potential to generate an economic multiplier, reflecting in tangible enhancements to the real Gross Domestic Product (GDP) over the asset's lifespan. As of 2023, INA has attained an average financial multiplier of two-fold and has consistently generated an economic multiplier ranging between 1.5 and 2 times.

MACROECONOMIC OVERVIEW

The year 2023 has been a challenging one for both the global and domestic economies. The global economy encountered

significant challenges, including economic slowdowns, heightened geopolitical tensions, inflation risks, and the pressing issue of climate change. Amidst these unstable and difficult global economic conditions, Indonesia's economy has demonstrated remarkable resilience, outperforming global economic growth with a rate of 5.05%. In the coming years, Indonesia's economy is even projected to maintain a growth rate that surpasses the global average and other emerging market economies.

Indonesia encountered not only global challenges but also domestic challenges in 2023, as it was a preparatory year for the Presidential and legislative elections. The presence of political and economic uncertainty has a significant impact on investor deal appetite, subsequently impacting investment decisions and the implementation of investment projects.

We appreciate our capacity to navigate through global and domestic macroeconomic challenges. In 2023, INA demonstrated a commendable operational performance, laying a solid groundwork for its future growth.

INA'S 2023 INVESTMENT PERFORMANCE HIGHLIGHTS

INA plays a crucial role in promoting Indonesia's sustainable development by investing in key sectors that significantly contribute to the nation's progress and the well-being of its people. Alignment with the sustainable development agenda is one of the criteria for determining INA's investment priority sectors, in addition to other criteria such as economic impact, growth potential, competitive advantage, and feasible investment prospects.

In accordance with its mandate to serve as a catalyst for foreign direct investment (FDI), INA consistently strives in partnership with investment partners to ensure the attainment of a multiplier impact, the potential for competency development, and the consideration of the commercial viability of each investment. Along with co-investors, INA has effectively disbursed investments amounting to Rp29.6 trillion or equivalent to USD1.9 billion. The total cumulative investment disbursement by INA and its co-investors since INA's inception has reached approximately Rp50.1

trillion (equivalent to USD3.2 billion), and the total investment deployment of INA's portion reached Rp31.3 trillion (equivalent to USD2.1 billion).

The accomplishment of investment deployment by INA alongside its co-investors in 2023 further strengthens INA's position and significance in its role of supporting sustainable national development, which encompasses the following:

**Supporting Indonesia in
developing appropriate
and sustainable
infrastructure**

Developing a robust infrastructure is crucial for driving economic growth and ensuring equitable distribution of welfare among the population. In 2023, INA's contribution to infrastructure development was exemplified through investment in the Trans Sumatra toll road, namely the 17 km Medan - Binjai toll road and the 141 km Bakauheni - Terbanggi Besar toll road.

Previously, in 2022, INA made investments in the toll road infrastructure sector, specifically in the Trans Java toll road. This marked INA's inaugural investment in the toll road sector, with investments in the Kanci – Pejagan toll road spanning 36 km and the Pejagan – Pemalang toll road spanning 57.5 km. In 2023, as a result of these investments, INA successfully completed the follow-on investment process with investment partners ADIA and APG.

INA also expanded its investment in 2023 by venturing into the logistic sector, particularly in modern warehousing. In collaboration with Mitsubishi Corporation Urban Development Indonesia (MCUDI), INA acquired 3 (three) companies previously owned by ESR: (PT ESR Properties One, PT ESR Properties

Two, and PT ESR Properties Three). Each company owns a modern warehouse asset located in Cikarang and Karawang, with a combined net leasable area (NLA) of approximately 200 thousand square meters. This investment aligns with the national development goals to improve national logistics capacity and address the current logistics solution gap.

Promoting the well-being of Indonesians

Improving the quality and accessibility of healthcare services is one of the development objectives outlined in the work program toward 2045 Golden Indonesia vision. INA, in collaboration with its investment partner Silk Road Fund (SRF), engaged in investment transactions in the healthcare industry with PT Kimia Farma (Tbk) and PT Kimia Farma Apotek during the years 2022 and 2023. To maximize the investment value, INA collaborates with the company's management to identify comprehensive value-added potentials, aiming to enhance the company's performance in the future, thereby delivering better healthcare services to the Indonesian people.

A strategic partnership was established in 2023 between INA and SK Plasma, a renowned South Korean biopharmaceutical firm. This collaboration was initiated to advance INA's objective of bolstering the health sector especially in the biomedical industry, through the establishment of the inaugural plasma fractionation facility in Indonesia. The creation of this facility would ensure the stable supply of domestic plasma-derived therapeutics, hence increasing the security of national healthcare.

Swire Pacific Limited (Swire Pacific) is another investment partner that has expressed interest in collaborating with INA to enhance the healthcare sector in Indonesia. In 2023, Swire Pacific and INA entered a collaboration to enhance the services and operations of Indonesia Healthcare Corporation (IHC), a prominent healthcare provider in Indonesia. IHC houses 71 hospitals, of which 36 hospitals are majority ownership, 31 membership hospitals, and 4 are jointly operated hospitals throughout Indonesia.

The partnership between INA and Swire Pacific aims to address the uneven healthcare infrastructure challenges, reduce the scarcity of experts in Indonesia, improve accessibility to hospital services, and ultimately contribute to enhancing the quality of healthcare services throughout Indonesia.

Strengthening Indonesia's Digital Sector Capabilities

In October 2023, INA and GDS, a preeminent developer and operator of high-performance data centers in Asia, officially formed a joint venture aimed at developing and expanding data center platforms across Indonesia. This partnership is a significant step towards accelerating Indonesia's digital transformation, which is also one of INA's priority sectors.

Amid the increasing demand for digital-based services, Indonesia has the distinction of achieving a second-place ranking in the APAC region in the data center opportunity index. The data center industry continues to experience tremendous growth, primarily driven by the widespread adoption of cloud computing and the anticipated surge in AI applications. In such market conditions, the collaboration between GDS and

INA is strategically positioned to strengthen their commitment to scaling Indonesia's digital infrastructure. This partnership is also expected to the country's digital economic growth and data onshoring initiatives.

Shaping the future through sustainable energy provision

The Government of Indonesia has pledged net zero emissions by 2060 or earlier and is developing a credible roadmap towards green energy sources, such as solar, wind, and geothermal energy, with a target of 30% renewable energy use by 2030. To support the Government's objective, INA included Green Energy and Transformation as one of the 4 (four) focused sectors to attract and deploy significant amounts of investments in the medium to longer term.

In February 2023, INA invested in PT Pertamina Geothermal Energy (PGE) through participation in Initial Public Offering to underscore its firm intention to actively participate in the development of the green sector.

In this investment, INA also welcomed Masdar Clean Energy, a global leader in renewable energy and sustainable development, as a significant investor in PGE's IPO, which brings their international experiences to explore possibilities within and beyond geothermal power generation.

SOLID GOVERNANCE AND OPERATIONAL FOUNDATIONS

As a full member of the International Forum of Sovereign Wealth Funds (IFSWF), INA commits to implementing international governance standards (the Santiago Principles) in

governance, investment, and risk management. This demonstrates INA's commitment to professional and independent investment management in carrying out its duties and mandate.

INA consistently adopted an integrated and comprehensive process in evaluating various risk activities, including investment transactions. Each investment transaction requires a strategic investment document, which serves as a supporting study document in investment decision making. This document outlines several important aspects related to risk management required to support investment decisions, such as:

1. Lessons learned from various due diligence outcomes,
2. In-depth review of business, risk, and mitigation plans,
3. Action plans to improve the quality of reviewing and testing investment theses, projected assumptions, and return expectations, and
4. Regular monitoring of INA's investment portfolio, including tolerance limits for losses, subsidiary risks, and identification of required risk mitigation efforts.

INA strives to develop risk control tools to maintain and raise awareness of a risk-conscious culture within the internal environment. Continuously, INA develops information technology infrastructure to support investment activities, assisting in the monitoring and supervision of investments.

The audit activities carried out followed the Audit Plan approved by the Audit Committee and the Supervisory Board. The internal audit activities for the year 2023 concluded no internal control deficiencies that require significant attention from the management.

INA recognizes the importance of establishing a balance between financial success and responsible business practices in order to achieve sustainable growth. Hence, INA focuses not only on maximizing profits but also on creating positive impacts for the environment, stakeholders, and the Indonesian community at large.

To ensure INA's investments align with environmental, social, and governance (ESG) responsibilities, INA adopts a holistic and long-term approach by integrating ESG aspects into its investment and operational processes. Implementing ESG in the investment process involves conducting studies that include ESG reviews, ESG due-diligence, investment memo reviews and resolutions, as well as transaction documents outlining ESG recommendations, which form the basis for the Investment Committee and Board of Directors' decision making. INA continues to review all investment opportunities from the outset to ensure no investments have ESG issues that could potentially invalidate the transaction. ESG implementation in 2023 has been carried out on several INA investment projects.

INA monitors ESG aspects of operational processes, including measuring greenhouse gas emissions, employee diversity, total employee training hours, and the implementation of ESG good governance. These metrics form the foundation for continuous improvement of our operational performance in alignment with sound ESG principles. INA strives to strengthen the ESG foundation and framework by actively monitoring the ESG performance of portfolio companies for INA's investment deployments.

From fund and treasury asset management's aspect, INA focuses on yield optimization, capital preservation, and liquidity management. Funding management not only covers activities to provide funding, but also cover developing the strategy to manage self-owned fund. INA has formulated a "sell-as-appropriate" strategy as a management/conversion strategy for in-kind shares.

INA has established a Strategic Operations Division tasked with carrying out value-creation activities and portfolio monitoring. The role of the Strategic Operations Division encompasses 4 (four) main activities: value creation, portfolio monitoring, governance of investment recipients, and asset transfer. INA applies 3 (three) value-creation models to enhance operational alpha and portfolio value, namely the value-creation agent, active observer for monitoring and governance, and passive observer.

Entering 2024, INA obtained a BBB (Stable) credit rating for the debut international credit rating and AAA (idn) for the national rating from Fitch Ratings. This credit rating confirms INA's creditworthiness and strength in the banks' perspectives and potential co-investors. The rating also reflects INA's central role as Indonesia's only sovereign wealth fund, which is crucial in

facilitating various policy initiatives and driving the nation's economic progress.

ASPIRATION

Armed with its experience, INA consistently prepares itself to face the years ahead with greater resilience. INA remains steadfast in adhering to its dual mandate and core principles, which involve establishing global partnerships with credible investors worldwide, creating operational value in portfolio companies, committing to strong ESG principles in operations and investment decision-making, as well as consistently applying governance and risk management in accordance with international standards in its investment decisions.

By remaining focused on the deployment of quality investment that is on target and adds value, in the coming year, INA will execute 3 (three) investment strategies, which are:

- 1. Continuing to Invest in priority sectors and other strategic sectors as opportunities arise,
- 2. Rebalancing of portfolio strategy to asset classes with higher yield characteristics and more immediate returns, such as real estate and hybrid capital solutions,
- 3. Undertaking a diversification strategy through indirect investments as LP and/or Co-GP.

Jakarta, May 2024
On behalf of Board of Directors

Dr. Ridha D. M. Wirakusumah
Chief Executive Officer (CEO)

APPRECIATION

In recognition of INA's achievements in 2023, the Board of Directors would like to extend our sincerest appreciation and gratitude to all stakeholders, co-investors, and asset owners, as well as all ministries and government institutions that have wholeheartedly supported INA in fulfilling its mandate and placed high trust in INA as a manifestation of INA's credibility since its inception.

We also extend our utmost appreciation to the Supervisory Board members for their professional insights and guidance throughout 2023, which has contributed to the improved and progressive management of INA. We would like to express our heartfelt and sincere appreciation to all INA employees who have made significant contributions in realizing INA's mandate with unwavering dedication and integrity.

INA remains committed to fulfilling its mandate by optimizing potential and opportunities, as well as achieving the best, most excellent, and sustainable performance in the future.



STATEMENTS OF ACCOUNTABILITY FOR THE 2023 ANNUAL REPORT BY THE SUPERVISORY BOARD OF INDONESIA INVESTMENT AUTHORITY (INA)

We, the signatories, hereby state that all information contained in the 2023 Annual Report of Indonesia Investment Authority (INA) prepared by Board of Directors has been comprehensively presented and the accuracy of the contents of INA's Annual Report is fully accountable.

This statement is truthfully made.
Jakarta, May 2024

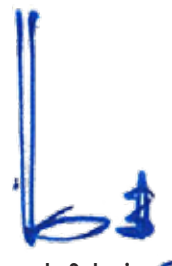
SUPERVISORY BOARD



Sri Mulyani Indrawati
Chairman of Supervisory Board/
Member of Supervisory Board - Ex-officio



Erick Thohir
Member of Supervisory Board - Ex-officio



Haryanto Sahari
Member of Supervisory Board - Professional



Yozua Makes
Member of Supervisory Board - Professional



Darwin Cyril Noerhadi
Member of Supervisory Board - Professional

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Jakarta, May 2024

BOARD OF DIRECTORS



Dr. Ridha D. M. Wirakusumah
Chief Executive Officer (CEO)



Arief Budiman
Deputy Chief Executive Officer (Deputy CEO)/Chief Investment Officer



Stefanus Ade Hadiwidjaja
Chief Investment Officer



Marita Alisjahbana
Chief Risk Officer



Eddy Porwanto
Chief Financial Officer

“Managing Investment, Advancing National Economic Growth”

INA's role as an investor-strategic partner in investment management and deployment has propelled sustainable economic growth. Every year, INA consistently demonstrates its ability to grow while delivering optimal returns and achieving strategic investment projects in Indonesia.

The importance of INA's role is recognized by the Credit Rating Agency, Fitch Rating, through the assignment of INA's debut credit rating that is equalized to Indonesia's Sovereign Credit Rating at BBB (Stable) and a domestic rating of AAA (idn).



INA AT A GLANCE



INA is Indonesia's Sovereign Wealth Fund established by the Government of Indonesia based on a strong legal foundation of Law No. 11 of 2020 that has been revoked and replaced with Law No. 6 of 2023 regarding the Stipulation of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation into Law, and is supported by several derivative regulations, including Government Regulation No. 74 of 2020 on Indonesia Investment Authority.

As an institution, INA acts as a strategic partner for investors. INA has a strong legal and institutional foundation, applies international practices and standards, as well as can be a bridge for investors to place their funds and participate in Indonesia's development.

INA is responsible to the President of Indonesia and has special authority (sui generis) that is aimed at maintaining independence and professionalism in managing assets and/or attracting Foreign Direct Investment (FDI). INA has flexibility in making investments while prioritizing the principles of accountability.



MANDATE OF INA ESTABLISHMENT

INA aims to grow and optimize assets under management in the long term and to contribute to Indonesia's sustainable development.

INA may cooperate with investment partners, investment managers, SOEs, government agencies or institutions, and/or other entities, both domestic and from abroad. INA may directly appoint investment partners by considering, among others, internationally accepted business practices, while still maintaining good governance.



AUTHORITY OF INA

INA has comprehensive authority to carry out its mandate:



UNIQUE CHARACTERISTICS OF INA



As a sui generis institution, INA has unique features.

Highlights of INA's Unique Features

- 01 Full authority in investment decision making to achieve optimal risk-adjusted returns.

02 Run by a professional management team to ensure independence.

03 Commercial focus aligned with an economic development agenda.
- 04 Flexibility and the ability to adopt international best practices in investment.

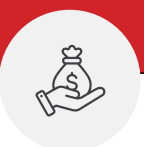
05 A robust legal foundation, including bankruptcy protection.

CAPITAL OF INA

INA's capital of Rp75 trillion is entirely derived from State Equity Participation (SEP), carried out in stages in 2021.



cash amounted Rp15 trillion through Government Regulation No. 73 of 2020, received on 26 February 2021.



a second injection of cash amounted Rp15 trillion through Government Regulation No. 110 of 2021 dated 29 October 2021 was received by INA on 12 November 2021.



conversion of state-owned B-series shares in PT Bank Rakyat Indonesia Tbk (Persero) and PT Bank Mandiri Tbk (Persero) with a total amount of Rp45 trillion stipulated through Government Regulation No. 111 of 2021 dated 29 October 2021. The capital injection in in-kind (inbreng) shares was received through an in-kind (inbreng) deed signed on 23 December 2021.

VISION, MISSION, AND VALUES

VISION



“INA aims to support the sustainable development of Indonesia and to create wealth for future generations.”

MISSION



Delivering optimal returns

- Investing in the right assets to deliver optimal risk-adjusted returns, by:
- Adopting a long-term perspective to ensure that we grow wealth for future generations;
 - Prioritizing key growth sectors and building capabilities to add value to investments.



Collaborating with credible investors

- Collaborating with credible investors to advance the development of Indonesia by way of:
- Building operational capabilities based on global best practice standards;
 - Building our reputation as a credible and world class institution.



Creating value

- Creating added value through the application of global best practices, by:
- Unlocking and strengthening the long-term value of investment assets;
 - Supporting local champions to grow into regional and global champions.



Advancing Indonesia’s competitiveness

Advancing Indonesia’s competitiveness through strategic investment policy by unleashing the economic potential of Indonesia in a sustainable way and leveraging Indonesia’s advantages such as its young demography and rich resources.



Building a world-class organization that comprises Indonesia’s best talents:

- Building a world-class organization that comprises Indonesia’s best talents:
- Building a working culture that attracts top talent;
 - Developing future leaders to spearhead Indonesia’s national development.

VALUES

I-RISE

Indonesia
Rise

INA upholds 5 (five) basic values that reflect a solid and professional culture.



Integrity

Every INA employee will always speak and act honestly, have high moral quality and values, comply with prevailing laws and regulations, act independently in accordance with the code of ethics, and prioritize INA's interests.



Responsibility

Every INA employee will always be responsible for every action taken, consider all key aspects in making decisions, and have the courage to make decision with measured risk.



Innovation

Every INA employee will always be able to generate ideas and breakthroughs that can improve performance and achieve the targets.



Symbiotic Collaboration

Every INA employee will always uphold the principles of cooperation and mutual benefit, as well as provide added value for INA, INA's partners, and other parties.



Excellence

Every INA employee will always strive for the best results by setting high standards and carrying out innovation and continuous improvement.

From left to right:

- **Haryanto Sahari**
Professional Member
of Supervisory Board
- **Sri Mulyani Indrawati**
Chairman of Supervisory
Board/Ex-officio Member of
Supervisory Board
- **Erick Thohir**
Ex-officio Member of
Supervisory Board
- **Darwin Cyril Noerhadi**
Professional Member
of Supervisory Board
- **Yozua Makes**
Professional Member
of Supervisory Board



MANAGEMENT OF INA

INA has a two-tier Board Structure of Supervisory Board and Board of Directors

SUPERVISORY BOARD

The Supervisory Board is in charge of supervising the management of INA conducted by the Board of Directors, with the authority to:

- 1. Approve the annual work plans and budget with the key performance indicators proposed by the Board of Directors;
- 2. Evaluate the achievement of key performance indicators;
- 3. Accept and evaluate the Board of Directors' accountability report;
- 4. Submit the Supervisory Board's accountability report and the Board of Directors' accountability report to the President of Indonesia;
- 5. Appoint and dismiss members of the Advisory Board;
- 6. Appoint and dismiss members of the Board of Directors;
- 7. Determine the remuneration for the Supervisory Board and Board of Directors;
- 8. Propose changes to INA's capital to the President of Indonesia;
- 9. Approve INA's annual financial statements,
- 10. Suspend members of the Board of Directors, and appoint acting members of the Board of Directors; and
- 11. Approve the appointment of INA's auditor.

The Composition of Supervisory Board comprises:

- 1. The Minister of Finance as the Chairman and member of Supervisory Board - Ex-officio;
- 2. The Minister of State-Owned Enterprise as member of Supervisory Board - Ex-officio; and
- 3. Three professionals as members.

Members of the Supervisory Board are appointed and dismissed by the President of Indonesia. The term of office of members of the Supervisory Board is 5 (five) years (except for the first year of the establishment of INA) and can be reappointed only once for another consecutive term.

Supervisory Board Composition

| | |
|--|-----------------------|
| Chairman of Supervisory Board/Member of Supervisory Board – Ex-officio | Sri Mulyani Indrawati |
| Member of Supervisory Board – Ex-officio | Erick Thohir |
| Member of Supervisory Board – Professional | Haryanto Sahari |
| Member of Supervisory Board – Professional | Yozua Makes |
| Member of Supervisory Board – Professional | Darwin Cyril Noerhadi |

PROFILES OF THE SUPERVISORY BOARD



**Sri Mulyani
Indrawati**
Chairman of Supervisory Board/
Ex-officio Member of Supervisory
Board

She currently serves as the Minister of Finance of Indonesia since 2016, after previously serving as Minister of Finance in the period of 2005-2010. She was appointed Chairman of INA Supervisory Board concurrently as an Ex-officio Member of Supervisory Board in 2021.

During her tenure as Minister of Finance, she received several international awards. She was named the best Minister of Finance in Asia in 2006, the best Minister of Finance in Asia Pacific for 3 (three) consecutive years from 2017- 2019, the best Minister of Finance in East Asia and the Pacific in 2018 and 2020, as well as the best Minister of Finance in the World in 2018.

She also held strategic positions in international organizations, as Executive Director of the International Monetary Fund (IMF) representing 12 countries in Southeast Asia (SEA Group) from 2002 to 2004 and Managing Director of the World Bank from 2010 to 2016.

She earned her bachelor's degree in Economics from the University of Indonesia (UI) in 1986. She continued her studies at the University of Illinois Urbana Champaign, United States and earned her Master of Science of Policy Economics (1990). Subsequently, in 1992, she obtained her Ph.D in Economics. In 2023, the Australia National University (ANU) awarded her an honorary degree (Honoris Causa), Doctor of Laws. She is a specialist of public finance, monetary policy, and labor economics.



Erick Thohir
Ex-officio Member of Supervisory Board

He currently serves as Minister of State-Owned Enterprises since 23 October 2019 and was appointed as a member of INA Supervisory Board in 2021.

Prior to serving as Minister of State-Owned Enterprises, he was a prominent figure in the national media industry, including being the President Director of ANTV (2013 - 2019) and the founder of Mahaka Group since 1993.

His media and entertainment business career is followed by a qualified track record in the sports industry, especially football and basketball. In 2013, he owned the Inter Milan football club and was entrusted with the role of the President of the giant club until 2018. In addition to being a member of the FIBA Central Board since 2014, in 2023, he was appointed Chairman of the Indonesian Football Association (PSSI) for the 2023-2027 period.

He earned his B.A. from Glendale Community College, USA (1991) and obtained his Master of Business Administration degree after completing his studies at National University, California-USA in 1993. In 2023, he received an Honorary Doctorate (Honoris Causa) in Strategic Management from Brawijaya University.



Haryanto Sahari
Member of Supervisory Board - Professional

He is a Senior Public Accountant in Indonesia with more than 30 years of experience. He currently serves as an Independent Commissioner at PT Bank Permata Tbk, Chairman of the Risk Monitoring Committee.

He joined the Audit Committee of several public companies and, in 2022, was appointed as a member of the Audit Committee at the Ministry of Health. He has served as Country Senior Partner of PricewaterhouseCoopers Indonesia for 10 years with audit experience in leading companies in Indonesia. He also has had experience in corporate restructuring since the Asian financial crisis. He has a strong reputation in corporate governance and risk management, both nationally and internationally.

He holds a bachelor's degree in Economics, Department of Accounting, University of Indonesia and a holder of a CPA license (Certified Public Accountant) and is a CA (Chartered Accountant).



Yozua Makes
Member of Supervisory Board -
Professional

He is the Founder and Managing Partner of law firm Makes & Partners (Best Southeast Asia Capital Market Law Firm 2023 by Legal 500), CEO of Plataran Indonesia (The True Indonesian Icon), as well as the winner of the Indonesia Ernst & Young (EY) Entrepreneur of the Year 2023 and will represent Indonesia at Ernst & Young (EY) World Entrepreneur of The Year 2024 in Monaco, with more than 35 years of experience in merger and acquisition transactions, capital markets, corporate finance, restructuring, investment, and various national and cross-border commercial transactions.

As one of the leading legal practitioners in Indonesia, he has also received international awards from various publications as the best capital market law practitioner since 1990 including Legal 500, Chambers Global, International Financial Law Review (IFLR) 1000, Global Who's Who, Wealth and Finance International. His most recent achievements include being featured in the first ever Who's Who Legal in Capital Markets 2023, Top 100 Lawyers in Indonesia by Asia Business Law Journal 2024, and the Best Managing Partner of 2022 from Asian Legal Business.

He also serves as a member of the Expert Council of the Indonesian Public Listed Companies Association (AEI 2023 - 2026), a member of the Advisory Board of the Indonesian Chamber of Commerce (Kadin 2021 - 2026), a member of the Supervisory Board of the Indonesian Association of Hotel and Restaurant (PHRI 2020 - 2025), and lecturing at the Faculty of Law of the University of Indonesia and University of Pelita Harapan.

He has a Bachelor's degree and Doctorate in law with distinctions from the University of Indonesia, a Master of Law degree from the University of California, Berkeley, and a Master of Management degree at the Asian Institute of Management. He completed the Advanced Management Program at Harvard Business School.



Darwin Cyril Noerhadi
Member of Supervisory Board -
Professional

He is one of Indonesia's leading investors with a professional background in the financial, capital markets, and energy sectors. He is also the founder of the private equity Creador Indonesia.

He has been involved in various investment transactions across South and Southeast Asia including Indonesia, Malaysia, India and Vietnam. He has held executive board positions including CEO of the Indonesia Stock Exchange, CFO of Medco Energi International Tbk, and Partner in the field of corporate finance at PricewaterhouseCoopers Indonesia.

He currently serves as Commissioner of PT Medikaloka Hermina Tbk, Independent Commissioner of PT Austindo Nusantara Jaya Tbk, and previously served as President Commissioner (Independent) of PT Mandiri Sekuritas.

He holds a Bachelor's degree in Petroleum Geology from Bandung Institute of Technology, an MBA in Finance and Economics from the University of Houston, and a PhD in Strategic Management from the University of Indonesia with cum laude distinction.

From left to right:

- **Dr. Ridha D. M. Wirakusumah**
Chief Executive Officer
- **Arief Budiman**
Deputy Chief Executive
Officer/Chief Investment
Officer
- **Stefanus Ade Hadiwidjaja**
Chief Investment Officer
- **Marita Alisjahbana**
Chief Risk Officer
- **Eddy Porwanto**
Chief Financial Officer



PROFILES OF THE BOARD OF DIRECTORS

BOARD OF DIRECTORS

The Board of Directors is in charge of leading the day-to-day operations at INA. The authority of the Board of Directors includes:

- 1. To formulate and define INA's policies;
- 2. To implement policies and manage INA's operations;
- 3. To prepare and propose remuneration for the Supervisory Board and the Board of Directors to the Supervisory Board;
- 4. To prepare and propose annual work plans and budgets with key performance indicators to the Supervisory Board;
- 5. To develop the organizational structure and carry out personnel management, including appointments, dismissals, payroll systems, reward remuneration, pension programs, golden-age benefits, and other benefits for INA's employees; and
- 6. To represent INA inside and outside of the courts.

The Board of Directors consists of 5 (five) professionals, appointed and dismissed by the Supervisory Board. One member of the Board of Directors is appointed to be the Chairman of the Board of Directors. The term of office of members of the Board of Directors is 5 (five) years (except for the first year of the establishment of INA) and can be reappointed only once for another consecutive term. The implementation of duties and authority of the Board of Directors, including segregation of duties and authority of members of the Board of Directors, are stipulated in the Board of Directors Policies.

Board of Directors Composition

| | |
|---|-------------------------|
| Chief Executive Officer | Ridha D. M. Wirakusumah |
| Deputy Chief Executive Officer/Chief Investment Officer | Arief Budiman |
| Chief Investment Officer | Stefanus Hadiwidjaja |
| Chief Risk Officer | Marita Alisjahbana |
| Chief Financial Officer | Eddy Porwanto |



Dr. Ridha D. M. Wirakusumah
Chief Executive Officer

He is one of Indonesia's top executives in banking, financial services, and investment with more than 30 years of experience at leading global and Indonesian institutions.

Prior to joining INA, he served as Chief Executive Officer of Bank Permata, Head of Indonesia at KKR & CO., and Chief Executive Officer of Bank Maybank Indonesia.

He previously has served in several multinational corporations including as CEO of Asia Pacific AIG Consumer Finance, CEO of Asia Pacific GE Capital Consumer Finance and Banking, CEO of GE Capital Thailand, CEO of GE Capital Indonesia, as well as Head of Corporate Finance of Bankers Trust, and Public Sector of Citibank Indonesia.

He obtained his Doctorate in Business Administration from City University Hong Kong, an MBA in Finance and International Business from Ohio University, and a Bachelor in Electrical Engineering and Science from Ohio University. He completed the Advanced Management Program at University California, Berkeley.



Arief Budiman

Deputy Chief Executive Officer/
Chief Investment Officer

He is an experienced senior executive and advisor in financial services and investment, with more than 20 years of global and domestic experience including with leading Indonesian State-Owned Enterprises.

Prior to joining INA, he was the Chief Executive Officer of Danareksa, Indonesia's first securities and brokerage company, where he was in charge of fund raising and partnerships with international investors in fintech, financial services, and infrastructure. He was also Chief Financial Officer of Pertamina, Indonesia's only Fortune 500 company where he was involved in its turnaround, fund raising, complex project finance, and public listing of its subsidiary. He was Partner of McKinsey & Co and the President Director of PT McKinsey Indonesia, and a consultant with Booz Allen Hamilton in the USA and Asia. He was the leader of the Indonesian Sovereign Wealth Fund development team from the Ministry of SOE.

He earned an MBA in Finance from the Wharton School, the University of Pennsylvania, graduating as a Palmer Scholar, and a Bachelor's degree from the Institute of Technology Bandung as the school's best graduate.



Stefanus Ade Hadiwidjaja

Chief Investment Officer

He is one of Indonesia's leading investment executives with regional investing experience. Prior to joining INA, he was with Creador, a leading Southeast Asian private equity firm, where he was the Managing Director and Country Head of Indonesia and Singapore and a member of the firm's Investment Committee.

He spent a few years working at a global consulting firm, the Boston Consulting Group (BCG), serving clients in financial services and telecommunications industries, across both private and state-owned enterprises. Prior to that, he worked at management consulting firms, Arghajata and Skha Consulting, and spent a year with IBM Indonesia as Territory Services Leader.

He earned an MBA in Finance from Wharton School, the University of Pennsylvania as a Fulbright- Sampoerna Scholar and a Bachelor's degree in Industrial Engineering from the University of Pelita Harapan.



Marita Alisjahbana

Chief Risk Officer

She is one of the most senior risk management leaders in Indonesia with more than 30 years of experience.

Prior to joining INA, she served as Country and Corporate Risk Manager of Citibank Indonesia for more than 15 years and the first Indonesian to hold the role.

She has extensive experience in risk management and has served as Country Risk Manager in Indonesia, Thailand, Vietnam, and the Philippines. She has gone through many economic cycles in her capacity as the Country Risk Manager among others the Asian financial crisis and the global financial crisis.

She earned a Bachelor's degree from the Institute of Technology Bandung, and a Master's degree from the University of California, Los Angeles.



Eddy Porwanto

Chief Financial Officer

He is one of Indonesia's leading finance professionals with 30 years of experience specializing in company turnaround and investment.

Prior to joining INA, for almost a decade, he was a senior expert at Northstar Group (a leading Indonesian private equity firm) as the Board of Commissioners and/or Board of Directors in the portfolio companies.

He has longstanding experience as CFO in leading companies in various sectors including: mining (CFO of Delta Dunia Makmur, Deputy CEO of Archipelago Resources), airlines and transportation (CFO of Garuda Indonesia), automotive (CFO of General Motors Indonesia), and consumer goods (CFO of Reckitt Benckiser Indonesia).

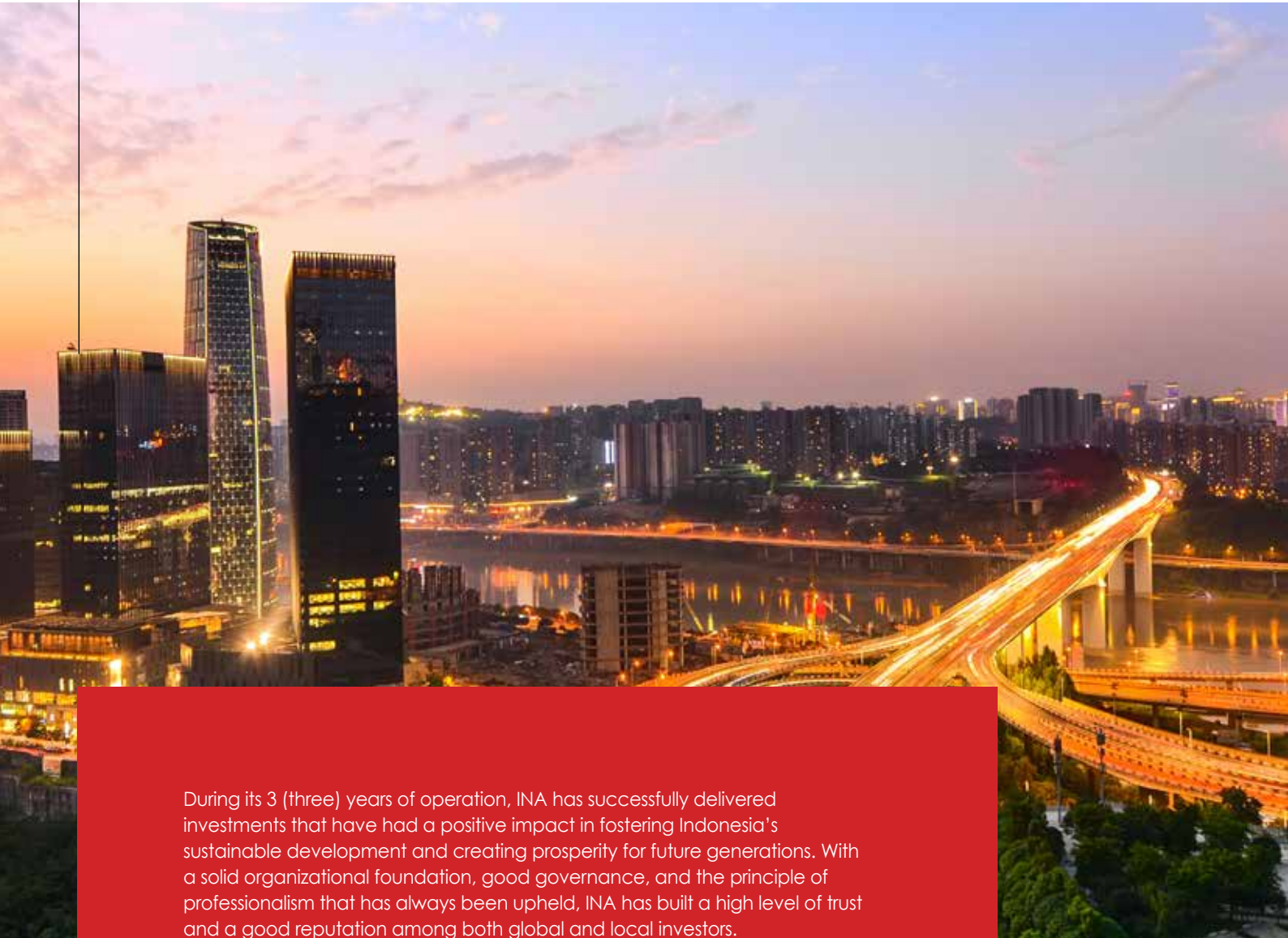
He earned an MBA in Corporate Finance & Banking from the University of Illinois at Urbana Champaign and a Bachelor in Accounting & Finance from Lewis & Clark College, USA.

“Embracing Collaboration, Fostering Sustainable Growth”

Equipped with 3 (three) years of operation experience, INA continues to improve and has succeeded in deploying investments to deliver both economic and financial multiplier. With a solid investment strategy and strong investment governance, INA was able to optimize its investment portfolio performance throughout the year.



ACHIEVEMENTS OF INA



During its 3 (three) years of operation, INA has successfully delivered investments that have had a positive impact in fostering Indonesia's sustainable development and creating prosperity for future generations. With a solid organizational foundation, good governance, and the principle of professionalism that has always been upheld, INA has built a high level of trust and a good reputation among both global and local investors.

Guided by investor trust, good reputation, prudent governance, and the support of a solid and professional team, INA successfully established cooperation with leading investors and institutions and realized various investment projects with global investment partners. The realization of such investment deployments brings capital to Indonesia and technical expertise from investment partners needed by projects in Indonesia to increase their value and impact.



FINANCIAL PERFORMANCE

Every year, INA consistently demonstrates its excellent and growing performance. INA's net profit stood at Rp4.3 trillion in 2023, an increase of 64.0% compared to the previous year. This achievement was supported by total revenue of Rp5.4 trillion, which was derived from interest income from investment portfolios and treasury assets, dividend income from in-kind shares, and income in the form of unrealized gains from mark-to-market investment valuations.

This financial performance achievement is inextricably linked to the performance of INA's investment portfolio, as well as prudent and disciplined optimization of INA's asset management in terms of overall cost management.



INVESTMENT

INA and co-investors have disbursed a total investment value of Rp29.6 trillion in 2023, or equivalent to USD1.9 billion, representing a 152.6% growth from the same position the previous year.

With this achievement, the total cumulative investment disbursement of INA and co-investors since INA's establishment has reached approximately Rp50.1 trillion (equivalent to USD3.2 billion), and the total investment disbursement of INA's portion reached Rp31.3 trillion (equivalent to USD2.1 billion).

The investment disbursement in 2023 was allocated to several strategic sectors:

1. Health Sector: Further investment by INA and Silk Road Fund (SRF) in PT Kimia Farma Tbk.
2. Green Energy and Transformation Sector: INA's investment with Masdar in the initial public offering (IPO) of PT Pertamina Geothermal Energy. This deployment marks INA's first investment in the green energy sector.

3. Toll Road Infrastructure Sector: INA's investment in the Trans Sumatra toll road segments. An additional earnout has been deployed as part of investment in the Trans Java Toll Road sector.

INA has completed a series of the follow-on investment processes in Trans Java toll road (SMR and PPTR assets) to co-investor partner ADIA and APG.

4. Logistics Warehouse Infrastructure Sector: INA's investment with PT MC Urban Development Indonesia (MCUDI) in 3 (three) modern warehouse assets owned by ESR.
5. Digital Infrastructure Sector: INA's investment with GDS to develop a data center platform in Indonesia.

INA's investment value continues to grow over time. The sustainable growth in investment value is indicated by the development of INA and co-Investors' total Assets Under Management (AUM) that reached Rp147.6 trillion (equivalent to USD 9.5 billion) as of the end of 2023, a year-on-year growth of 34.3%.

One of the keys to the success of INA's investment deployment is the establishment of the right investment structure. To support its investments, INA has established 9 (nine) sub-holdings, 6 (six) of which are 100% owned by INA and 3 (three) of which are joint ventures with investors, as follows:

1. PT Rafflesia Investasi Indonesia (Rafflesia), a long-term investment platform with ADIA and APG in the Trans Java toll road sector.

2. PT INA DPWorld Investment (INA DPW), a joint venture with DPWorld in the port sector.

3. PT Swarna Investasi Indonesia (Swarna), holding investments in the Trans Sumatra toll road sector.
4. PT Tumbuh Investasi Indonesia (Tumbuh), holding investment in the logistics sector of PT MC Urban Development Indonesia.

5. PT Akar Investasi Indonesia (Akar), holding investments in the healthcare sector.

6. PT Maleo Investasi Indonesia (Maleo), holding investments in the digital infrastructure and data center sectors.

7. PT Tanam Investasi Indonesia (Tanam), an entity that undertakes long-term cooperation in various energy sectors. The first project is geothermal.

8. PT Baswara Investasi Indonesia (Baswara), planned to hold investments in the electric vehicle sector.

9. PT Arsa Investasi Indonesia (Arsa), holding an investment in publicly traded company shares on the stock exchange.

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INVESTMENT COMMITMENTS AND FUNDRAISING

Since its establishment, INA has succeeded in bringing co-investors to invest and in securing investment commitments from both global and local investors, with a total cumulative investment commitment of more than USD25.1 billion, equivalent to more than Rp380 trillion.

VALUE CREATION

INA commits to add value creation, which includes improving company performance, enhancing governance, identifying and mitigating risks, in every investment deployment. An initial manifestation of this commitment is indicated by the strengthening of INA's organization through the establishment of the Strategic Operation Division in the third quarter of 2023. The role of the Strategic Operation Division encompasses 4 (four) main activities: value creation; portfolio monitoring; governance of investment recipients; and asset transfer.



GOVERNANCE, RISK MANAGEMENT, ESG, AND INTERNAL AUDIT

1. As a full member of IFSWF, INA consistently applies international governance standards (The Santiago Principles) in terms of governance, investment, and risk management. In carrying out its duties and mandate, INA commits to professional and independent investment management.

2. INA consistently reviews the Board of Directors' Regulations (PDD) as part of fulfilling applicable rules. Based on the review, improvements to the substance, the addition of new policies, and adjustments were made in connection with the enactment of Law No. 6 of 2023 (Job Creation).

3. INA implements an integrated and comprehensive process in evaluating investment risks for strategic investment documents as supporting studies in INA's investment decision-making.
4. To optimize risk control, INA has enhanced governance device functions, including regular risk and compliance dashboard reporting, exploring solutions for the risk-return framework, benchmarking studies to other SWFs related to the basis of the Debt-to-Equity ratio threshold calculation, reviewing the Risk Appetite Statement and its reporting, and implementing support solutions for investment pipeline management.

5. INA has integrated the ESG implementation into the investment process by compiling studies that include ESG reviews, ESG due diligence, review, and resolution of investment memos, and transaction documents outlining ESG recommendations that form the basis for the Investment Committee and Board of Directors' decision-making.

6. The internal audit activities in 2023 were carried out following the 2023 Audit Plan approved by the Audit Committee and the Supervisory Board.



ORGANIZATIONAL & OPERATIONAL ASPECTS

INA continuously refines its organizational structure and fulfills the need for the best talents to fill strategic and operational positions. In 2023, INA recruited 29 new employees, bringing the total number of employees at the end of 2023 to 59.

As part of branding awareness, 28 media engagements and 48 public engagement programs were carried out during 2023, as well as more than 3,000 news articles related to INA in both local and international media. INA has actively participated in 29 international and local forums, as panelists and/or speakers. INA's media tonality demonstrates positive improvement as proven by 100% of INA's media coverage is neutral and positive.

“Resilience in Indonesian Economic Growth Supports Climate Investment”

With 5.1% (yoy) economic growth, the Indonesia's economic resilience was demonstrated by its ability to maintain growth rates that exceeded government projections, particularly when compared to other countries. This was driven by economic growth from both the expenditure and production sides.

Credit Rating Agencies reaffirmed Indonesia Sovereign Credit Rating at BBB (S&P), Baa2 (Moody's) and BBB (Fitch) with Stable outlook.



MACRO OVERVIEW



Inflation and slow growth remained major issues for the global economy in 2023. The global economy grew 3.1% in 2023 compared to 3.5% in 2022, mainly due to tighter financial conditions, sluggish trade growth, and lower corporate and consumer confidence. The economic growth of advanced countries only reached 1.6% in 2023 from 2.6% in the previous year, while the economic growth of developing countries remained strong at 4.1% in 2023. Risks to the near-term outlook remain negative due to escalating trade tensions, supply chain disruptions, volatile commodity prices, and the impact of monetary policy tightening that is more significant than previously expected.

Amidst unstable and challenging global economic conditions, Indonesia's economy grew by 5.1% (year-on-year/yoy). Indonesia's economic resilience is demonstrated by its ability to maintain growth rates

that exceed government expectations, especially when compared to other countries. This is driven by economic growth from both the expenditure and production.

Expenditures as the main contributors to economic growth include an increase in domestic demand, particularly consumption in the run-up to the general election, and investment, specifically infrastructure investment, given the ongoing national strategic projects (PSN), which include the construction of a new capital city - Ibu Kota Nusantara (IKN). In 2023, public consumption, consumption of Non-Profit Institutions Serving Households (NPI), and Government consumption increased by 4.8%, 9.8%, and 3.0%, respectively.

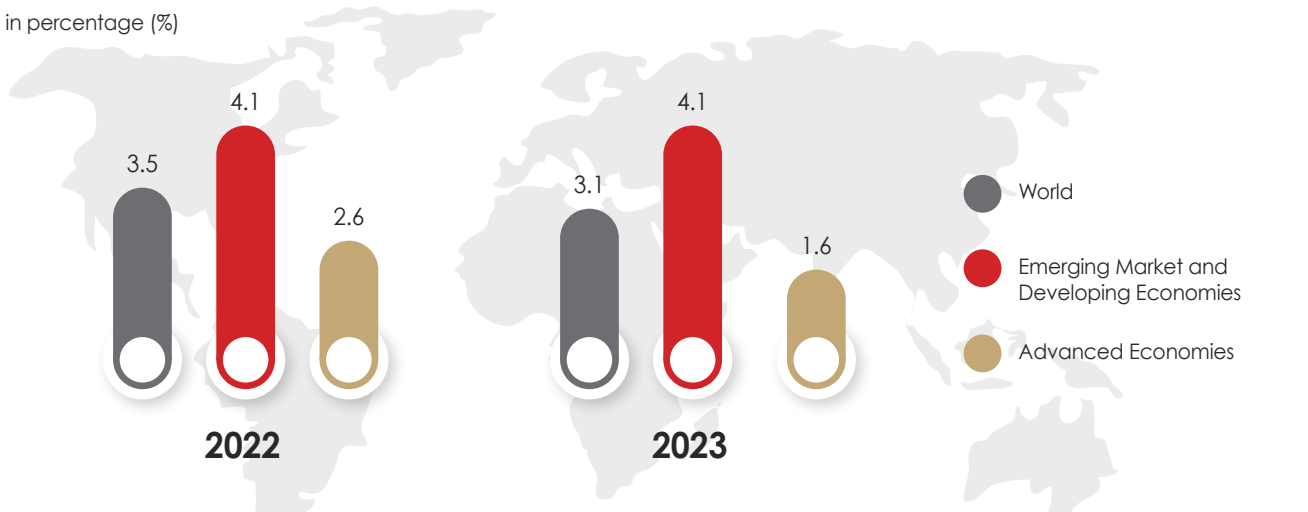
The acceleration of the completion of National Strategic Projects, Government capital expenditure activities, and the construction of IKN

throughout the year managed to sustain Gross Fixed Capital Formation (PMTB) or investment at 4.4% in 2023, up from 3.9% in 2022. The private sector also increased investment in 2023, as seen by FDI and DDI growth rates in double digits at 13.7% and 22.1%, respectively. Increased oil and gas exports, as well as service exports, have boosted export growth by 1.3% in 2023.

In regards to production, the manufacturing, trade, agricultural, and mining sectors contributed the largest growth. The manufacturing sector grew by 4.6% in 2023, led by strong domestic and global demand for Indonesia's export products. In 2023, the trade, agricultural, and mining sectors increased by 4.9%, 1.3%, and 6.1%, respectively.

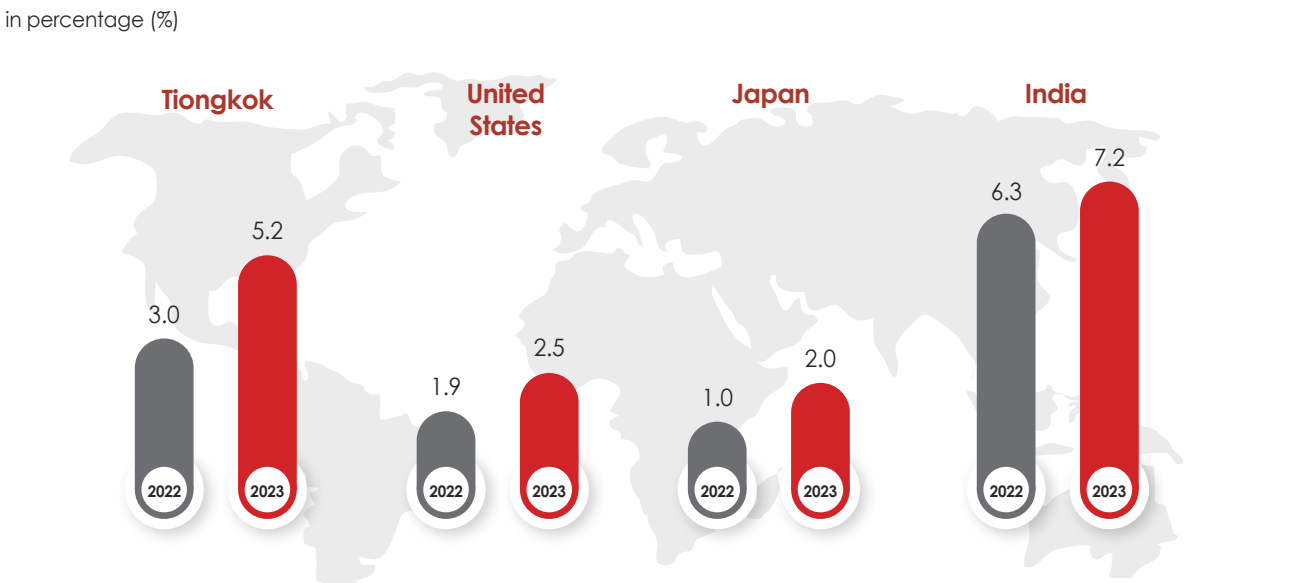
The Credit Rating Agencies reaffirmed Indonesia Sovereign Credit Rating at BBB (S&P), Baa2 (Moody's) and BBB (Fitch) with stable outlook. This Investment Grade rating is given based on the assessment of several factors, including credit fundamentals looking at Indonesia's favorable medium-term growth prospects, strong domestic consumption supporting GDP growth of 5.0%, controlled inflation levels, and prudent fiscal policy.

GLOBAL ECONOMIC GROWTH



Source:
IMF World Economic Outlook (January 2024)

ECONOMIC GROWTH OF INDONESIA'S MAJOR TRADING PARTNER COUNTRIES



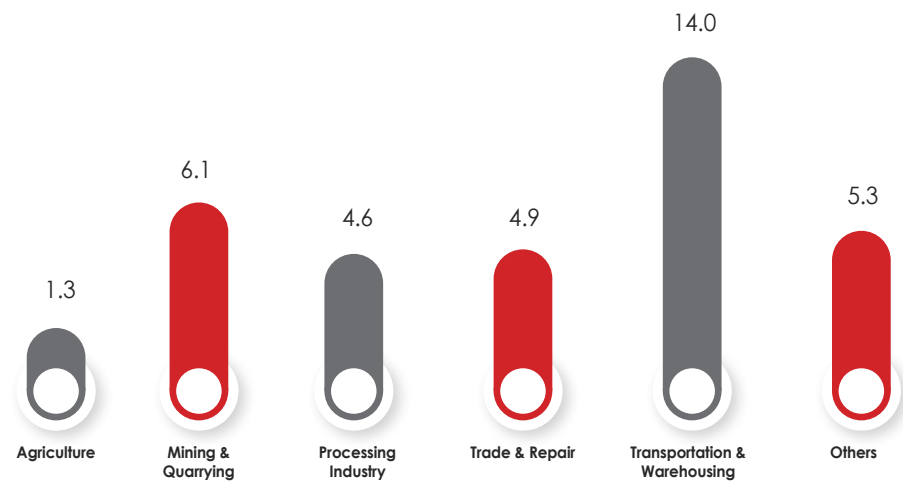
Source:
Indonesia Central Bureau of Economic Statistics 4th Quarter-2023 Showing Material

INDUSTRY OVERVIEW

The latest data from the Indonesia Central Statistics Agency for the fourth quarter of 2023 stated that GDP growth in the Transportation and Warehousing sector was the highest at 14.0%, followed by Mining and Quarrying at 6.1%, Others at 5.3%, Trade and Repair at 4.9%, Manufacturing Industry at 4.6%, and Agriculture at 1.3%. Meanwhile, the Non-Profit Institutions Serving Households component saw the highest increase in spending by 9.8%, followed by Household Consumption by 4.8%, Gross Fixed Capital Formation by 4.4%, Government Consumption by 3.0%, and Exports by 1.3%.

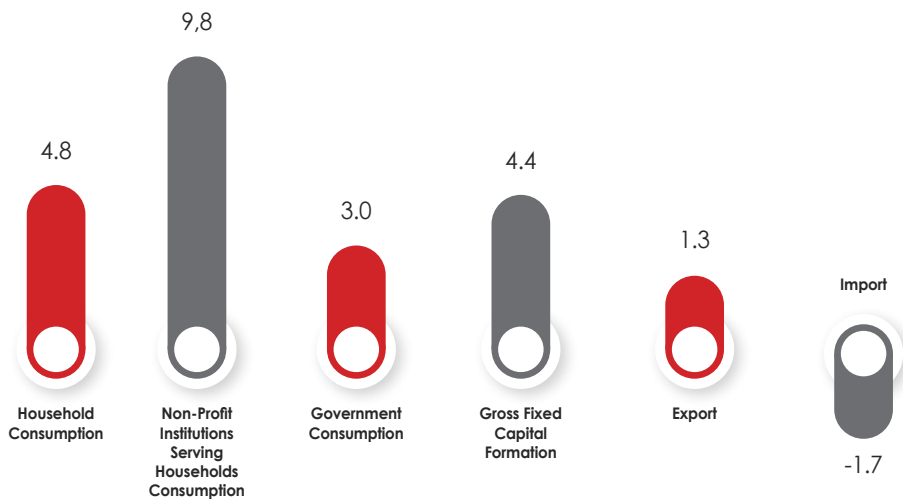
GDP Growth by Business Sectors in 2023

in percentage (%)



GDP Growth by Expenditure in 2023

in percentage (%)

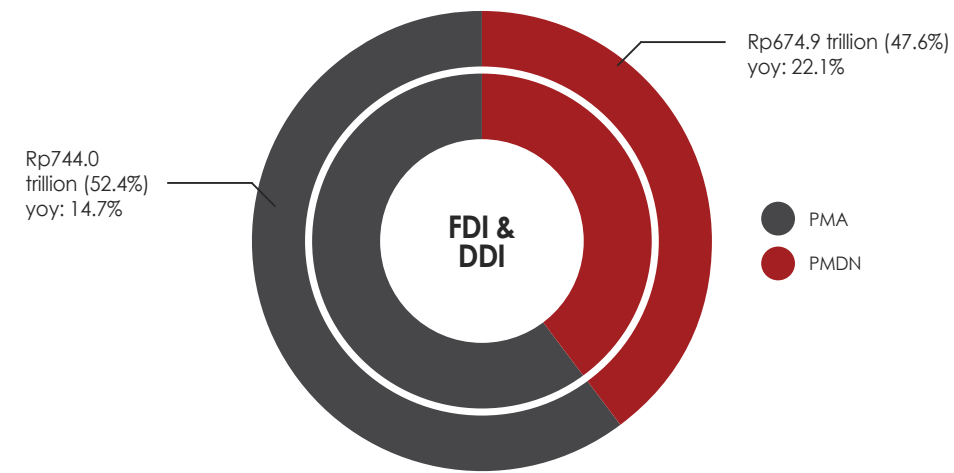


Source:
Indonesia Central Statistics Agency Fourth Quarter 2023

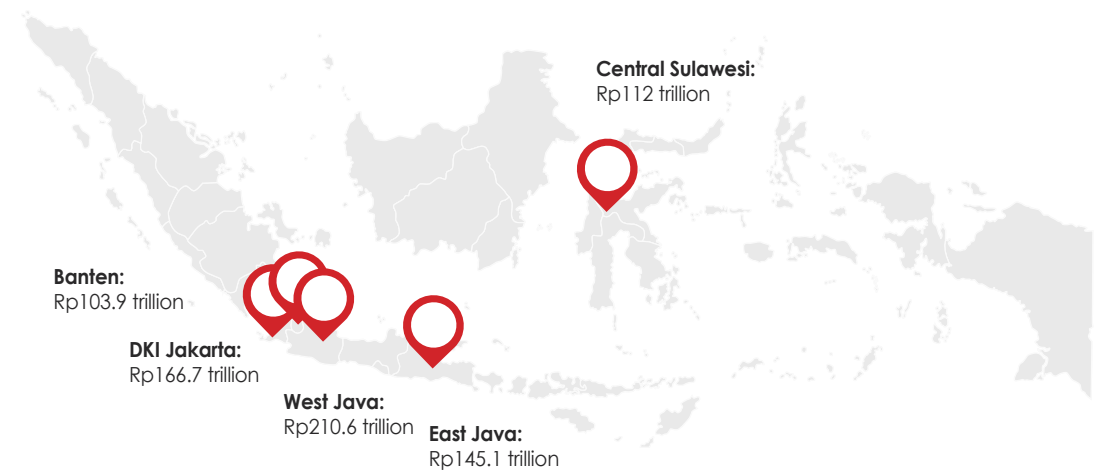
The Ministry of Investment/Investment Coordinating Board (BKPM) reported that investment realizations amounted to Rp1,418.9 trillion in 2023. This result exceeded the target of Rp1,400 trillion, with a total employment absorption of 1,823,543 people.

In 2023, foreign direct investment (FDI) was Rp744.0 trillion, equivalent to 52.4% of total investment realization, while domestic direct investment (DDI) stood at Rp674.9 trillion, or 47.6%. The investment realization for the period of January to December 2023 increased by 17.5% year-on-year (yoy) compared to the 2022 achievement, which was only Rp1,207.2 trillion.

Realization of FDI & DDI in 2023

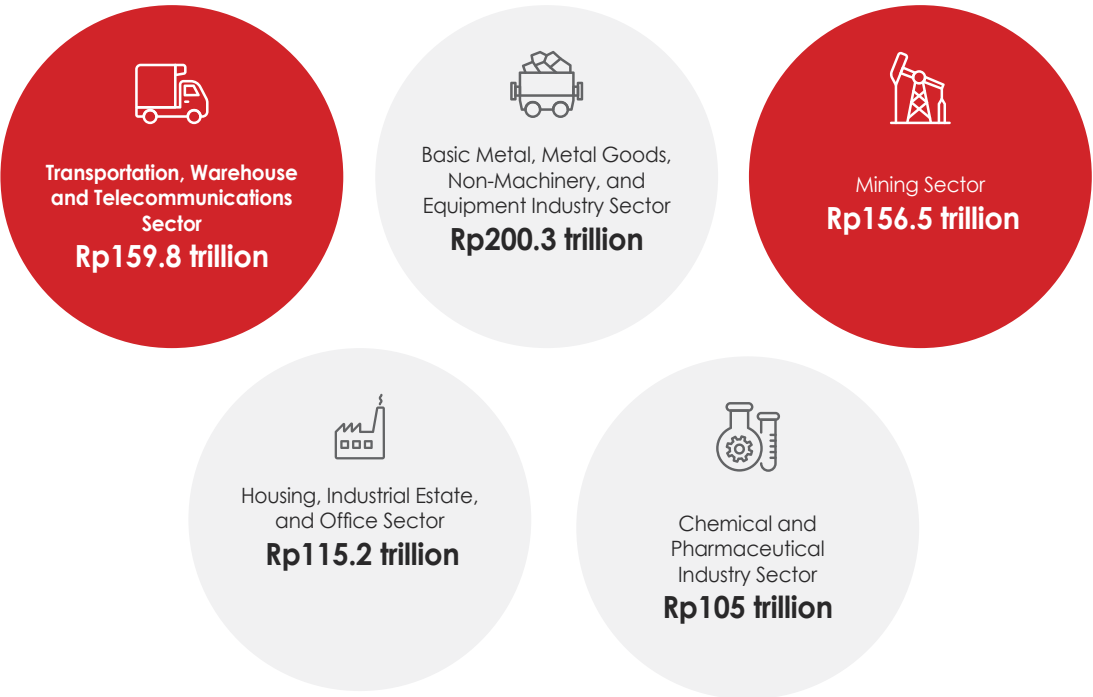


5 Provinces with the Largest Investment Realization in Indonesia in 2023



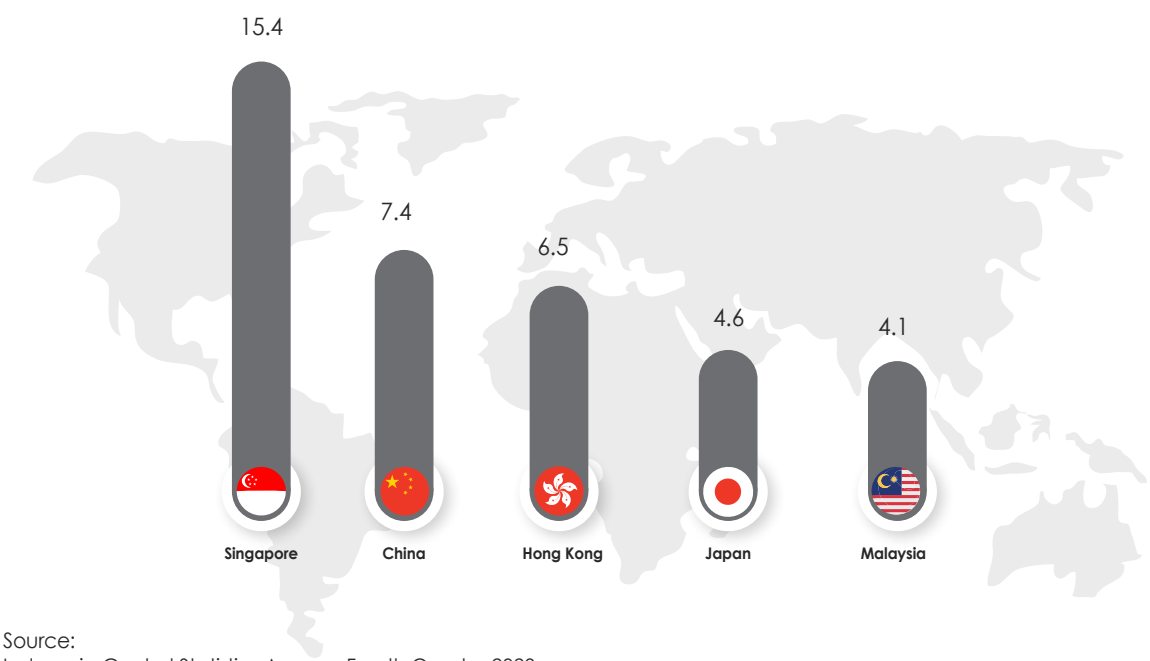
Source:
Indonesia Central Statistics Agency Fourth Quarter 2023

5 Business Sectors with the Largest National Investment Realization in 2023



Source:
Indonesia Central Statistics Agency Fourth Quarter 2023

5 Countries with the Largest Investment Realization in 2023



Source:
Indonesia Central Statistics Agency Fourth Quarter 2023



“Building Investment Portfolio and Staying Resilient”

INA strives to achieve its mandate by employing accurate and sound investment principles, strategies, and governance. With increasing investment value, INA effectively executed investment deployment in a number of strategic sectors. The key pillars sustaining this achievement were an optimal structure, investment and funding plans, effective governance, risk management, and ESG implementation, as well as solid organizational and operational support.



STRATEGIC AND OPERATIONAL REVIEW

OUR STRATEGIES

The strategy formulation of INA in 2023 took into consideration 3 (three) key factors that support INA in achieving sustainable growth: the uniqueness of INA's mandate, the lessons learned since INA's establishment, and the impact of macroeconomic and geopolitical factors.

Aligned with the theme of The Year of Portfolio Building, INA focused on developing a quality and value-added investment portfolio in 2023. INA took strategic steps by executing investments in priority sub-sectors through relevant investment thesis amidst the uncertainty of macro and geopolitical conditions. To support these achievements, INA identified sub-strategies as key pillars to focus on, which are: investment; fundraising and investor relations; investment structure and integration; strategic operations; funding; governance, risk management, and ESG; as well as organization and operations.



Investment

In 2023, INA continued its strategic investment focus on 4 (four) priority sectors. Theses have been developed for each of these priority sectors that are considered executable or are continuations of the previous year's investment theses. The 4 (four) priority sectors are as follows:

- 1. Transport & logistics
- 2. Green energy & transformation
- 3. Digitalization & digital infrastructure
- 4. Healthcare

Beyond these 4 (four) priority sectors, INA also considers other opportunistic sectors, such as tourism, finance, and consumer.

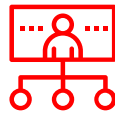
INA explores new asset classes for investment in these sectors, such as private debt, fund-of-funds, real estate, and the public market. INA evaluates each thesis to ensure it fits within a particular asset class and depends on the conditions of each available opportunity. As such, INA must remain flexible in response to existing asset-class opportunities.



Fundraising and Investor Relations

The strategies formulated for the Fundraising and Investor Relations functions align with the mandate and investment strategy, including priority sectors and developed investment theses, as follows:

- Introducing INA's uniqueness to global investors through proactive communication on its competitive edge;
- Building global trust using an LP-centric approach through various platforms such as international forums, regular meetings, events with other SWFs/institutional investors, or non-deal roadshows (NDR);
- Focusing on the strategy of selecting investment partners with direct investment schemes and platforms, particularly for strategic partners that can bring value creation to the investment.



Investment Structure and Integration

INA's investment structure was designed by taking into account various aspects such as investor interests, capital structure, profit repatriation, and risk mitigation. With the increasing number of INA subsidiaries, it is necessary to manage intercompany transactions according to the arm's length principle.



Strategic Operations

INA strengthens the value creation of its portfolio companies through the Strategic Operations Division. This division is responsible for actively or passively conducting value-creation activities, such as deploying teams or resources to investee companies and assigning experts with specialized capabilities to enhance operational performance.

In value creation execution, INA creates and selects value creation models considering factors such as investment type, investment structure, ownership rights, transaction scenarios, and asset classes.



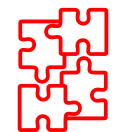
Funding

Funding strategy comprises not only funding activities, but also the management of INA's funds. The funding strategy is designed to ensure INA has sufficient liquidity to sustain its investment business and operational needs.



Governance, Risk Management, and ESG

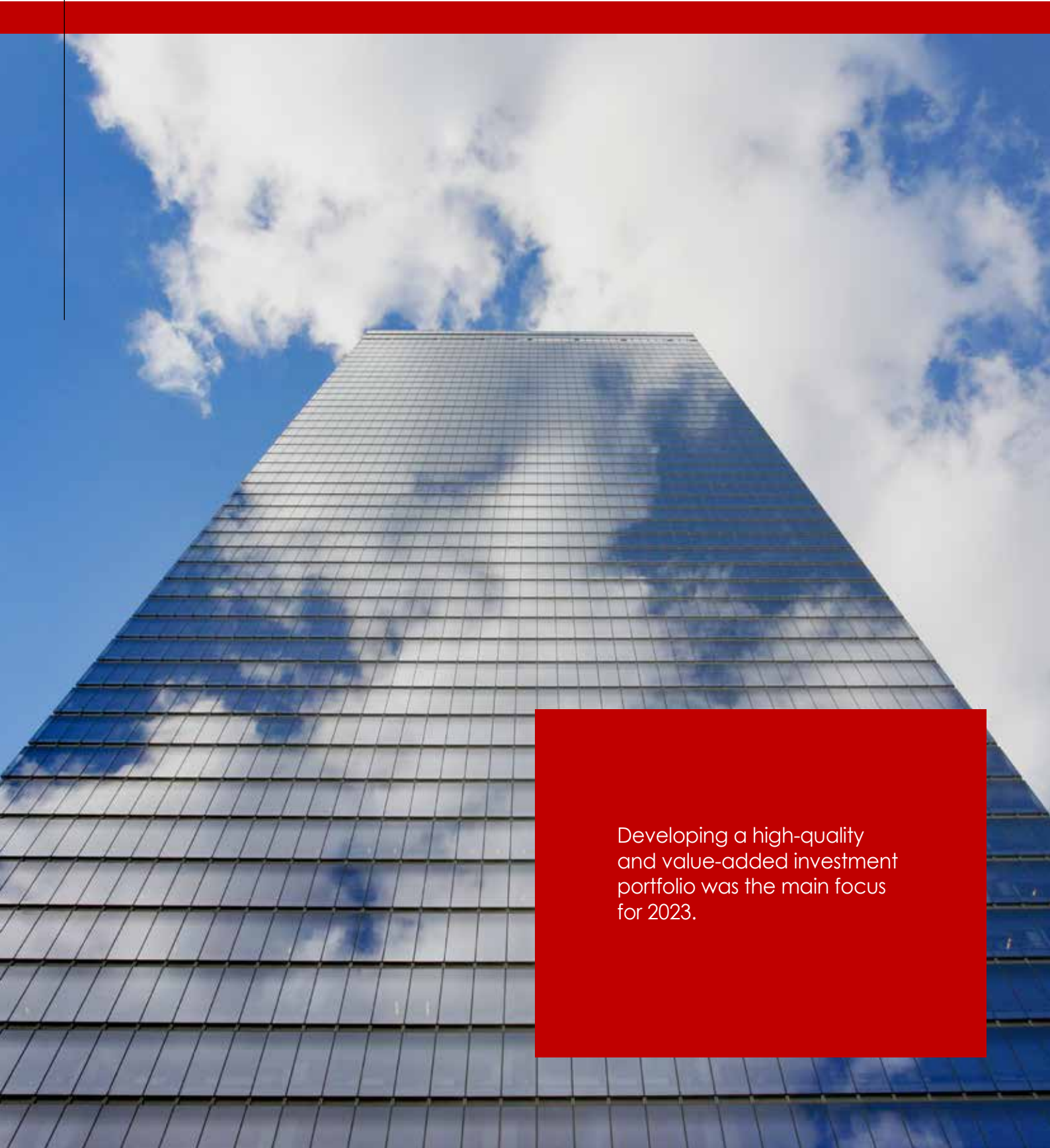
INA commits to adopting international governance standards (The Santiago Principles) for governance, investment, and risk management. This demonstrates INA's commitment to professional and independent investment management in carrying out its duties and mandate. From an ESG perspective, INA consistently develops and regularly reviews a strong ESG framework, which is then integrated into the investment process, including the advisory function, in an effort to create a responsible investment process.



Organization

INA develops an effective organizational structure that considers employee function, number, and composition. INA actively and continuously makes necessary adjustments and adaptations to boost effectiveness and meet business needs.

INVESTMENT ASPECT



Developing a high-quality and value-added investment portfolio was the main focus for 2023.

Highlights



- As of the end of 2023, INA and its co-investors had deployed Rp29.6 trillion or equivalent to USD1.9 billion, representing a significant growth of 152.6% compared to the same position in the previous year.
- The total cumulative investment disbursement of INA and co-investors since the establishment of INA reached approximately Rp50.1 trillion (equivalent to USD3.2 billion) and the cumulative total portion of INA's investment since its establishment reached Rp31.3 trillion (equivalent to USD2.1 billion).



- In the green energy and transformation sector, INA has deployed investments with Masdar in the initial public offering (IPO) of PT Pertamina Geothermal Energy. This marks INA's first investment in the green energy sector.
- INA has successfully executed investment in the toll road infrastructure sector, notably on the Trans Sumatra toll road segments. An additional earn-out has been deployed as part of investment in the Trans Java sector.

In relation to the Trans Java toll road, INA has concluded the follow-on investment for SMR and PPTR involving co-investment partner ADIA and APG.
- INA and PT MC Urban Development Indonesia (MCUDI) have deployed investments in 3 (three) modern warehouse assets owned by ESR.
- INA's and the GDS's joint investment in the development of a data center platform in Indonesia.
- INA and the Silk Road Fund (SRF) have deployed further investments in PT Kimia Farma Tbk and PT Kimia Farma Apotek.

INA'S JOURNEY 2023



From left to right:

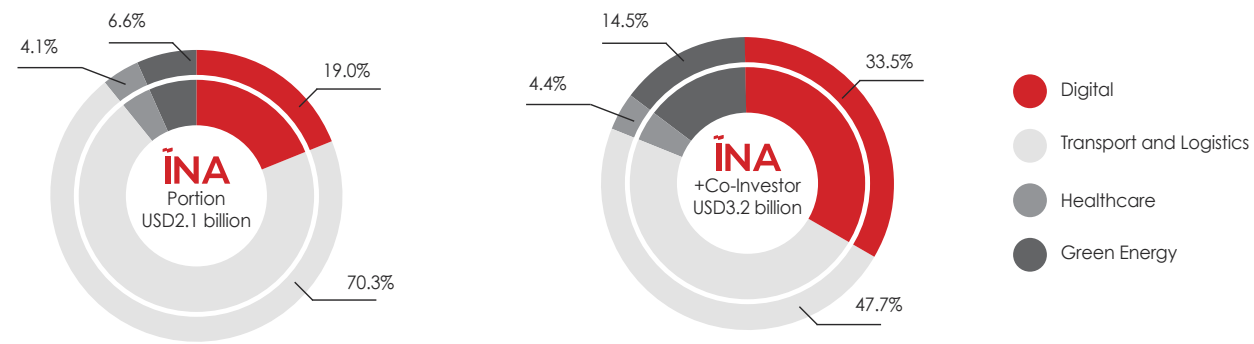
- **Andry Setiawan**
Managing Director
of Investment
- **Arisia Arundati
Pusponegoro**
Chief Legal
Counsel
- **Stefanus Ade
Hadiwidjaja**
Board of Directors
Member-
Chief Investment
Officer
- **Marita
Alisjahbana**
Board of Directors
Member
Chief Risk Officer
- **Darwin Wibowo**
Managing Director
of Strategic
Operations
- **Dr. Ridha D. M.
Wirakusumah**
Board of Directors
Member
Chief Executive
Officer
- **Arief Budiman**
Board of Directors
Member
Deputy Chief
Executive Officer
Chief Investment
Officer
- **Eddy Porwanto**
Board of Directors
Member
Chief Financial
Officer



INVESTMENT PORTFOLIO COMPOSITION

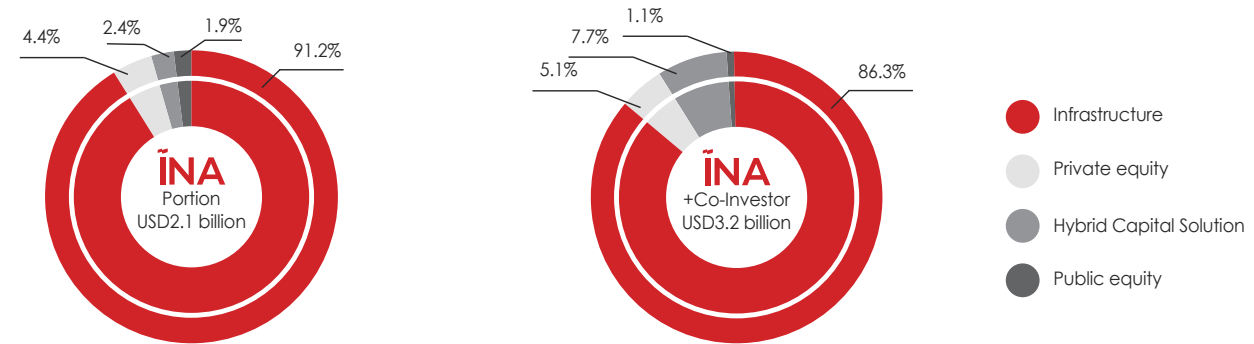
Investment Portfolio Composition by Sector

INA and co-investors deployed the investment into 4 (four) sectors: transport and logistics, digital, green energy, and healthcare services. As of December 2023, the largest portion of investment deployment is transport and logistics sector, accounting for 47.7% of the total accumulated investment value by INA and co-investors, or 70.3% of INA's accumulated investment value.



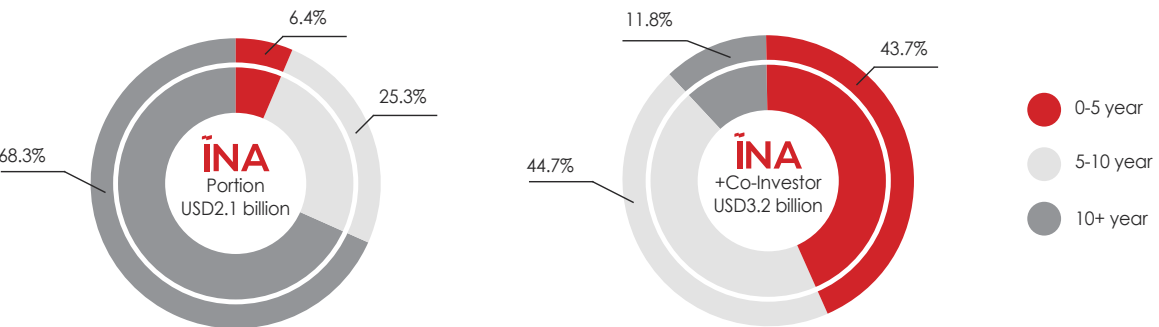
Investment Portfolio Composition by Asset Class

Based on asset class, infrastructure booked the largest portion of investment allocation, accounting for 86.3% of the overall accumulated investment value by INA and co-investors, or 91.2% of INA's accumulated investment value.



Investment Portfolio Composition by Holding Period Characteristics

By holding period characteristics, INA and its co-investors generally have a medium to long-term investment perspective. Based on their holding period, the largest portion of investment deployment is in holdings of more than 10 (ten) years, accounting for 44.7% of the overall accumulated investment value by INA and co-investors, or 68.3% of INA's accumulated investment value.



INVESTMENT STRUCTURE

INA has established 3 (three) joint ventures, 6 (six) sub-holdings fully owned by INA, and 1 (one) hybrid capital solution funding structure, as follows:

1. Investments in infrastructure and logistics sector:

a. PT Rafflesia Investasi Indonesia (Rafflesia)

b. PT INA DP World Investment (INADPW)

c. PT Swarna Investasi Indonesia (Swarna)

d. PT Tumbuh Investasi Indonesia (Tumbuh)
2. Investments in healthcare sector: PT Akar Investasi Indonesia (Akar)
3. Investments in green energy and transformation sector:

a. PT Tanam Investasi Indonesia (Tanam)

b. PT Baswara Investasi Indonesia (Baswara)
4. Investments in digital infrastructure and consumer sector:

a. PT Maleo Investasi Indonesia (Maleo)

b. Private debt in Loka Holding
5. Secondary Shares investments: PT Arsa Investasi Indonesia (Arsa).



FUNDRAISING

To foster its growth and development as a sovereign wealth fund, INA continuously strengthens relationships with key stakeholders such as partners and prospective investors, government entities, the general public, and key members of the global economic and financial community, aiming to continually enhance credibility, reputation, and stakeholder trust in INA as an institution.

Throughout 2023, INA signed several Investment Framework Agreements (IFA)//MOUs/strategic agreements with leading investors from around the globe, both domestic and international, such as:

1. **Manulife Investment Management** collaborates with INA on logistics, data centers, and other new economic infrastructure sectors. The cooperation also establishes a Logistics Fund focused on investments in Indonesia, where Manulife and INA participating as anchor limited partners and attracting third-party funds.

2. **Swire Pacific Limited (Swire Pacific) and INA develop a strategic partnership with the state-owned company, Indonesia Healthcare Corporation (IHC).** Through this collaboration, Swire Pacific and INA commit to supporting IHC's service and operational improvement in Indonesia. IHC houses 71 hospitals, of which 36 hospitals are majority ownership, 31 membership hospitals, and 4 (four) are jointly operated hospitals throughout Indonesia.

3. **Development Bank of Japan Inc. (DBJ)** collaborates with INA to drive the growth of Indonesia's financial landscape by leveraging hybrid capital investment solutions. Through this collaborative effort, INA and DBJ commit to addressing the capital needs of upper and mid-market Indonesian companies by providing flexible capital resources to support their expansion and foster sustainable growth.

4. **GDS (China) and INA officially join in a "Strategic Joint Venture to Drive the Development of Indonesia's Digital Infrastructure",** held during the 3rd Summit on international cooperation under the Belt and Road Initiative at the China – Indonesia Business Forum. This partnership signifies a firm commitment to enhancing Indonesia's data center landscape.
5. **SK Plasma**, a renowned South Korean biopharmaceutical company, has developed a strategic partnership with INA, marking a significant step toward establishing Indonesia's first plasma fractionation facility. This aims to enhance the nation's health capabilities and self-sufficiency.

6. **The Export-Import Bank of China (CEXIM)** and INA have established a Cooperation Framework Agreement aimed at intensifying economic collaboration and investment cooperation between the two parties in infrastructure, energy resources with a focus on renewable energy, as well as information and communication in Indonesia.

7. **Pollination** and INA signed an MOU for collaboration in the Nature-Based Solutions (NBS) sector in Indonesia. This collaboration is a significant step towards harnessing the strategic power of NBS, which utilizes our ecosystems' inherent capacity to absorb carbon emissions, enhance biodiversity, and nurture socio-economic growth.

8. **British International Investment (BII)** and INA forged a strategic partnership aimed at fostering sustainable economic development and cooperation. The partnership underscores the synergy between INA's mandate and BII's investment focus to mobilize capital and catalyze selected green sectors in Indonesia in order to achieve development goals on increasing productivity, sustainability, and inclusion. The partnership was formalized through the signing of an Investment Framework Agreement.

9. **The strategic partnership between the Indonesian Chamber of Commerce and Industry (KADIN)** and INA aims to strengthen each party's role in the Indonesian investment ecosystem by exploring various potential investment opportunities to drive project development across Indonesia. Based on the MOU, INA and KADIN will initiate a multifaceted collaboration, which includes information sharing and mapping investments potential, such as identifying potential areas or transactions for collaboration. Moreover, INA and KADIN will facilitate introductions to potential investment partners, opening new synergies, and driving impactful investments.
10. **US International Development Finance Corporation (US DFC)** and INA collaborated to identify investment opportunities across Indonesia aligned with respective investment mandates, representing strong potential for strategic impact and development.



INVESTMENT STRATEGY

The main principles of INA's investments adhere to the following guidelines:

1. Based on considerations of financial benefits and sustainable national development.
2. Value creation primarily with global/domestic investors willing to actively participate in the investment.
3. Adopting a long-term perspective to obtain sustainable risk-adjusted returns.
4. Open to active and passive investment opportunities to balance yield and economic growth.
5. Flexible in terms of returns (above the minimum hurdle rate), particularly in investments that align with national development.
6. Utilizing various investment methods, such as direct investment, fund manager, and platform, to achieve INA's strategic objectives.

INA aims to continue its investment strategy in 4 (four) priority sectors in 2023: transport and logistics, green energy and transformation, digitalization and digital infrastructure, as well as healthcare. For each priority sector, INA has developed theses that are considered workable or are a continuation of investment theses that have been carried out in previous years.

Beyond these 4 (four) priority sectors, INA also considers other opportunistic sectors, such as tourism, finance, and consumer.

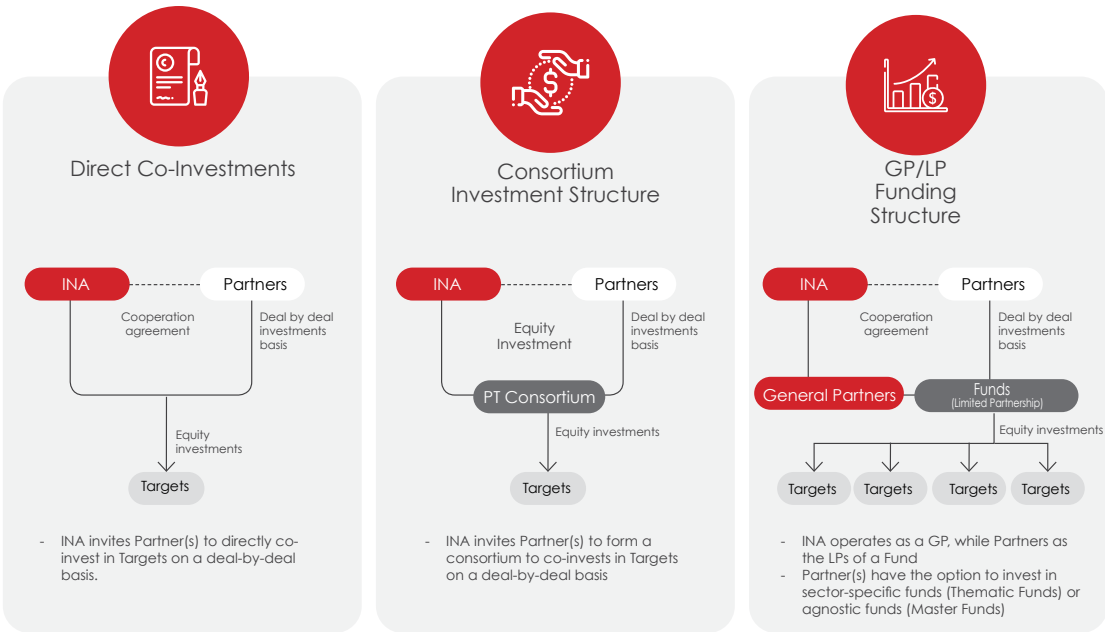
INA explores new asset classes for investment in these sectors, such as private debt, fund-of-funds, real estate, and the public market. INA evaluates each thesis to ensure it fits within a particular asset class and depends on the conditions of each available opportunity. As such, INA must remain flexible in response to existing asset-class opportunities.

In selecting investment partners, INA opts to choose leading investment partners from various backgrounds, both financial and strategic investors.

To foster the growth of quality, sustainable investments that have an impact on national development and provide optimal economic value, INA will undertake a strategic asset allocation going forward.

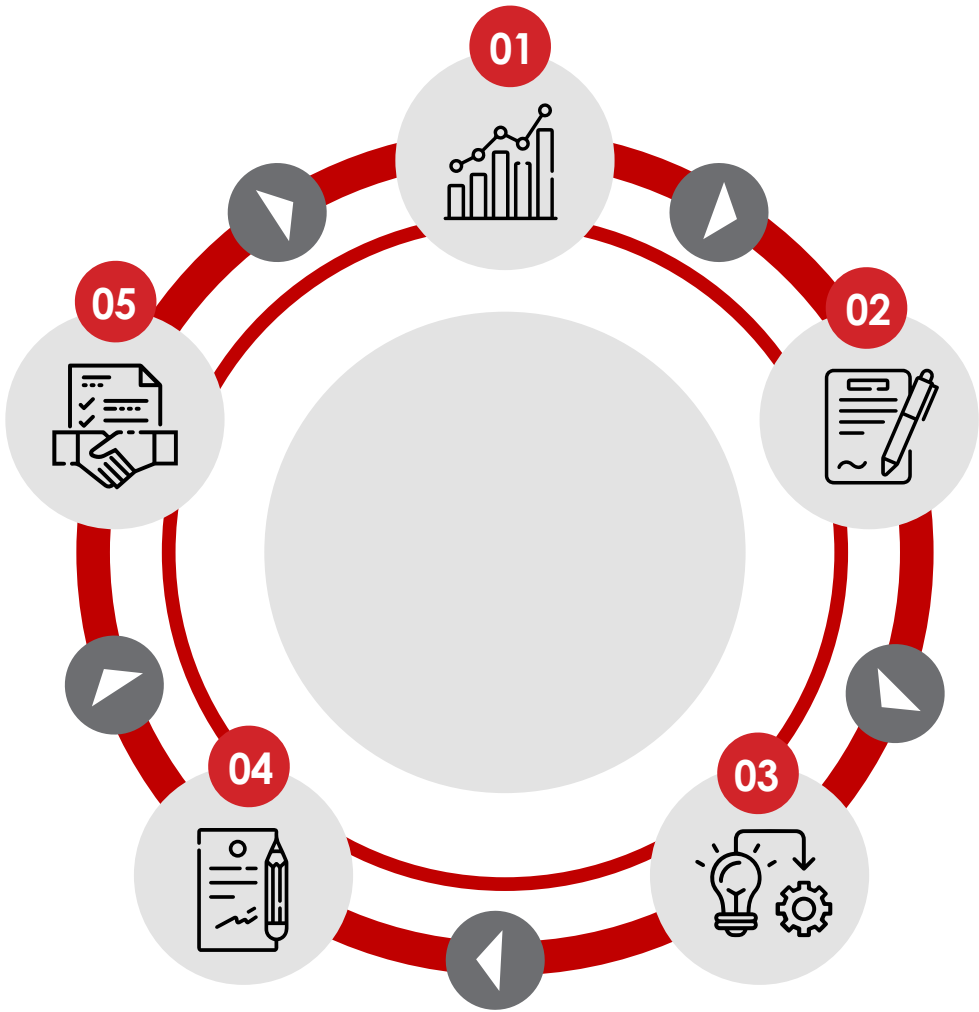
INVESTMENT SCHEME

Flexibility in the use of investment scheme types with INA



INVESTMENT PROCESS

INA implements a continuous investment process through active and in-depth discussions, adhering to the prudent principles. INA's Investment Team has developed mechanisms for each stage of the investment process comprehensively (end-to-end process) as a work reference, including activities such as:



- 01 Transaction analysis and review
- 02 Submission of an Early Investment Memo (EIM) and signing of the Term Sheet
- 03 Due diligence
- 04 Submission of a Final Investment Memo (FIM) and signing of the Definitive Agreement
- 05 Closing

THE FOCUS OF INA'S MAIN INVESTMENT SECTOR

Primary Focus Area

Transportation & Logistics

- Toll Road
- Seaport
- Airport
- Industrial Estate
- Logistics, e.g.: Cold Storage, Warehouses

Property & Tourism

- Hospitality-related properties and services

Green Energy & Transformation

- Waste Management
- Renewable Energy e.g.: Geothermal
- Energy Transition
- Green Fund: Reforestation, Carbon Trading

Financial Services

- Sharia Banking
- Fintech and Other Consumer Financing
- Insurance and Reinsurance

Digitalization & Digital Infrastructure

- Digital Infra: Telecommunication towers, data centre, fibre optic
- Digital services
- Digital Platform

Agriculture

- Agriculture-related processing

Healthcare

- Hospital, Laboratories and Clinic
- Pharmaceutical
- Other Healthcare products

Opportunistic: All areas

Mining, Oil, & Gas

- Refinery Upgrades
- Energy Logistics

Consumer

- F&B
- Skincare/Cosmetic

Engineering & Construction

- EPCs

Others

Electronics

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VALUE CREATION AND PORTFOLIO MONITORING ACTIVITIES



In the third quarter of 2023, INA established the Strategic Operations Division, which reports directly to the Chief Executive Officer. This division is in charge of undertaking value creation and monitoring INA's investments portfolios.

The governance guidelines for the Strategic Operations Division refer to the Portfolio Value Creation and Monitoring Policy that has been prepared by the Board of Directors as part of the annex to the Investment PDD. Based on this policy, INA consistently applies 3 (three) value- creation model options to improve operational alpha and portfolio value, namely value-creation agents, active observers for monitoring and governance, and passive observers.

INA will determine the value creation model based on investment type, investment structure, ownership rights, transaction scenario, and asset class.

The significant difference between the above 3 (three) model options lies in the level of influence, as follows:

1. INA's value creation agent model involves setting up a team to actively implement the value creation plan in the investee company.
2. INA employs the active observer model to actively monitoring and applying controls, ensuring improvement in performance and governance to achieve agreed investment targets.
3. As a passive observer, INA focuses on monitoring and periodically reporting the asset status to ensure consistency in portfolio performance.

In accordance with the role and function of value creation, the Strategic Operations Division has carried out its role on at least 7 (seven) investment projects during 2023.

INVESTMENT PERFORMANCE IN 2023

The achievements of INA's investment performance in 2023 were as follows:



Telecommunication Towers



Healthcare Services - Pharmacy



Toll Roads



Green Energy - Geothermal



Digital Ecosystem



Logistics Warehousing

TELECOMMUNICATION TOWERS

PERFORMANCE

Mitratel's investment portfolio demonstrates strong financial and operational performance. By the end of 2023, financial metrics such as revenue and EBITDA have reached targets with double-digit yoy growth.

1. In 2023, Mitratel recorded revenue of Rp8.6 trillion and EBITDA of Rp6.9 trillion, or an EBITDA margin of 80.2% (compared to Rp7.7 trillion and Rp6.1 trillion, respectively, in the the previous year).
2. Mitratel has recently acquired 38,014 towers. Mitratel continuously executed its strategic initiatives by acquiring ~1,000 towers from Indosat Ooredoo Hutchison (IOH) in the first quarter of 2023, ~100 towers from XL and other small operators in the third quarter of 2023, and ~800 towers from Gametraco and by building >32,000 km of revenue-generating fiberoptic networks.



EBITDA
reached
Rp6.9 trillion



**Profit After Tax
(PAT)**
reached Rp2.1 trillion,
grew 12.6% yoy.



Mitratel has
acquired more
than
~38,000 towers



PERFORMANCE

Kanci - Pejagan and Pejagan - Pemalang Toll Roads)

INA's first investment in the toll road sector was realized in August 2022, with the investment objects being the Kanci – Pejagan toll road managed by PT Semesta Marga Raya (SMR) and the Pejagan – Pemalang toll road managed by PT Pejagan Pemalang Toll Road (PPTR). Both toll roads are part of the Trans-Java Toll Road network.

As of the fourth quarter of 2023, SMR recorded revenue of Rp388 billion and EBITDA of Rp255 billion. In the same period, PPTR's revenue stood at Rp583 billion and EBITDA was Rp418 billion.

As of December 28, 2023, INA has successfully completed the investment settlement process (follow-on investment) for SMR and PPTR assets to investment partners ADIA and APG.



The investment in the 36 km Kanci – Pejagan toll road managed by PT Semesta Marga Raya (SMR) and the 57.5 km Pejagan – Pemalang toll road managed by PT Pejagan Pemalang Toll Road (PPTR).



The investment in the 17 km Medan – Binjai toll road managed by PT Medan- Binjai Toll (MB) and the 141 km Bakauheni – Terbanggi Besar toll road managed by PT Bakauheni – Terbanggi Besar Toll (BTB).

TOLL
ROADS



PERFORMANCE

INA and a consortium made an investment in Traveloka of USD300 million in October 2022 through a hybrid capital solution facility. The investment was aimed at driving the growth of the digital ecosystem in the travel sector.

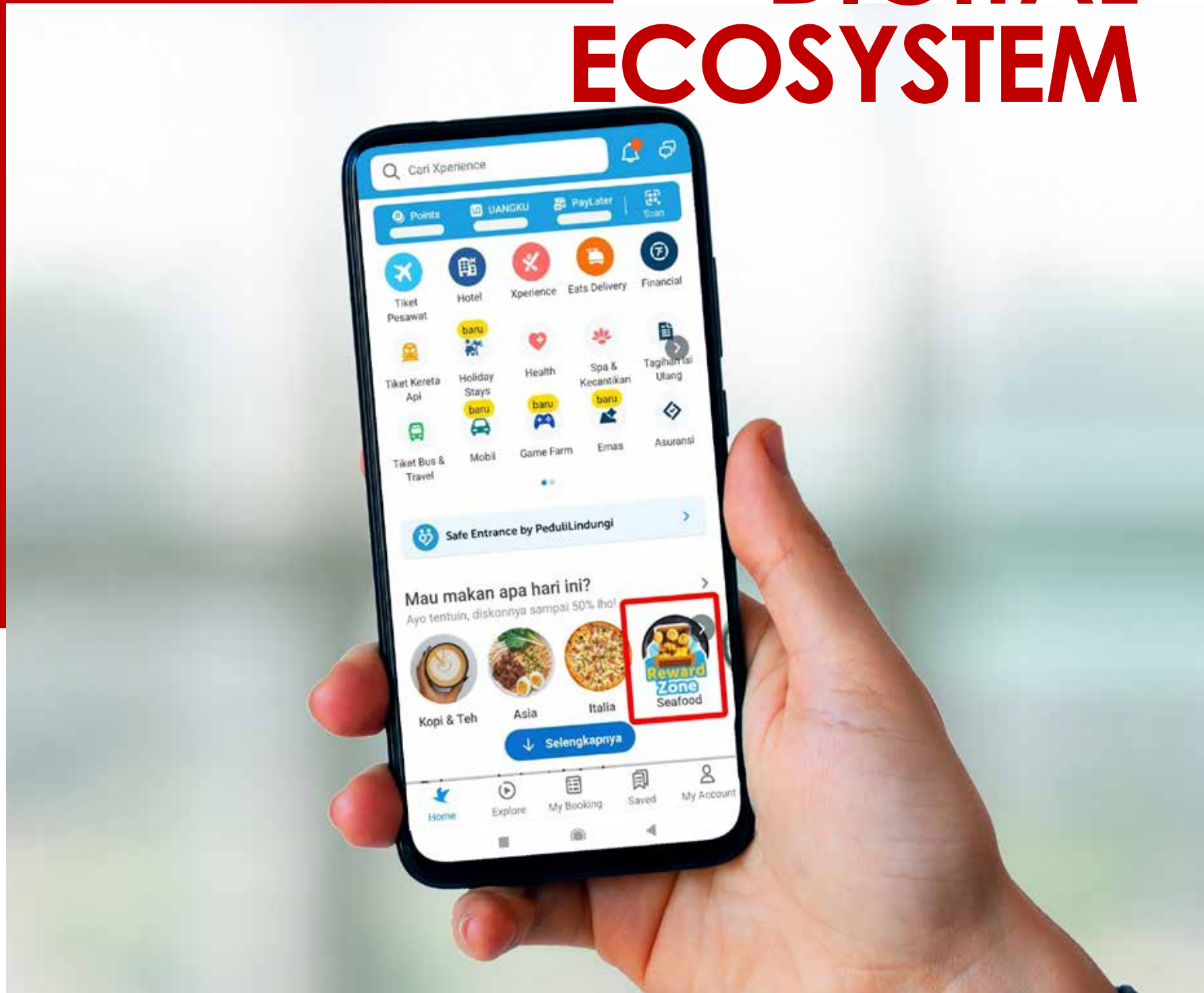
Up to the third quarter of 2023, Traveloka has delivered good performance, met all covenants and achieved targets, including in terms of Gross Merchandise Value (GMV), Net Revenue, and adjusted EBITDA when compared to the same period in the previous year.

Several key factors contribute to Traveloka's positive performance, such as the recovery phase of the travel business market, including in Indonesia, the company's profit-oriented strategy, and the application of marketing efficiency strategies.



A total facility of USD300 million to drive the growth of the digital ecosystem in the travel sector.

DIGITAL ECOSYSTEM



PERFORMANCE

INA, in collaboration with company management, identified comprehensive value creation potentials to improve performance in support of the company's mission for transformation in the upcoming period.

In 2023, INA actively undertook initiatives to support company management in improving performance, such as:

- System improvements and digitalization,
- Enhanced financial reporting,
- Improvement in human capital aspects, including acquiring the best talents in their respective fields,
- Enhanced governance and risk management,
- Implementation of business operational initiatives, including marketing, supply chain, and partnerships.

These initiatives aim to strengthen the company's foundation in improving future company performance and enhancing the capability to provide better healthcare services to the Indonesian community.



INA and co-investors have completed investment transaction in PT Kimia Farma (Tbk) and PT Kimia Farma Apotek.

HEALTHCARE SERVICES - PHARMACY



PERFORMANCE

PT Pertamina Geothermal Energy Tbk (PGEO) improved its performance in 2023, with a revenue increase of 5.2% (yoy) from USD386 million in 2022 to USD406 million in 2023, driven by an increase in electricity production volume. The revenue increase and cost efficiency efforts by PGEO successfully led to a significant growth in net profit by 28.5% (yoy) from USD127 million in 2022 to USD164 million in 2023.

PGEO's stock price continued to strengthen with an increase in daily trading volume. Several positive catalysts driving the strength of PGEO's stock price are due to financial results that exceeded expectations in 2023, positive momentum in the eco-friendly sector, and PGEO's inclusion as a member in major Indonesian indexes (IDX30, LQ45, IDX80, and KOMPAS100).



PGEO is INA's first investment in the green energy sector. INA participated in the Initial Public Offering (IPO) of PT Pertamina Geothermal Energy Tbk (PGEO) in February 2023.

GREEN ENERGY - GEOTHERMAL



PERFORMANCE

Two of the 3 (three) warehouses are fully operational, while the third warehouse located in Karawang, is under construction and targeted to be completed in 2025.

By the end of 2023, the first asset (ESRIP 1) located in the GIIIC Industrial Area in Cikarang and the second asset (ESRIP 2) located in the KITIC Industrial Area are in the leasing phase with various prospective tenants ranging from third-party logistics (3PL), fast-moving consumer goods (FMCG) to manufacturing. Meanwhile, the third asset (ESRIP 3), located in Suryacipta Industrial Park in Karawang, currently has a tenant although it is under construction.



INA and Mitsubishi Corporation Urban Development Indonesia (MCUDI) acquired 3 (three) companies (PT ESR Properties One, PT ESR Properties Two, and PT ESR Properties Three) that were previously fully owned by ESR. Each company owns a modern warehouse asset in Cikarang and Karawang, with a total net leasable area (NLA) of approximately 200,000 square meters.

LOGISTICS WAREHOUSING





INVESTMENT STRATEGY 2024

INA is equipped to take on the year 2024 with enhanced resilience. INA will consistently adhere to its dual mandate and core principles, as follows:

1. Establishing global partnerships with credible investors.
2. Creating operational value in portfolio companies.
3. Committing to strong ESG principles in operations and investment decision-making.
4. Employing international governance and risk management standards in investment decisions.

INA will execute 3 (three) investment strategy themes in 2024, which are:

1. Investing in priority sectors and other strategic sectors as opportunities arise.
2. Rebalancing of portfolio strategy to asset classes with higher yield characteristics and more immediate returns, such as real estate and hybrid capital solutions.
3. Undertaking a diversification strategy through indirect investments as LP and/or Co-GP.

FUNDING ASPECT



INA's funding strategy in 2023 focused on ensuring the availability of funding sources to support investment and operational needs, managing treasury assets for yield optimization, and capital preservation while always adopting good governance at all times and operate within measurable risk limits.

Highlights



The funding strategy not only includes funding activities, but also involves the fund management strategy owned by INA that aims at optimizing yields, preserving capital, and managing liquidity.



Treasury assets, consisting of cash and bonds, were managed optimally to achieve a net yield of 4.4% per annum. In-kind shares are managed continuously and have appreciated by 70.3% against its acquisition value.



To support its funding strategy and strengthen funding infrastructure, INA increased the credit limit from Rp15 trillion to Rp25 trillion (up by approximately 66.7%) as of December 2023. The credit facility serves as an alternative source of funding for the purpose of bridging to support investment activities.



In carrying out good governance, INA set-out several internal policies to function as control mechanisms, such as setting out internal limit on financial ratios such as Debt to Equity ratio and Interest Coverage Ratio as well as adopting a threshold for tolerance of loss in investment. The application of internal limits is aimed at maintaining measurable and controlled risk levels.



FUNDING STRATEGY AND SOURCES 2023

The funding strategy consists of 2 (two) sources, namely internal and external. Internal funding includes INA's capital and income, which are funds placed by the Government as INA's capital and the results of its development. These funding sources can include treasury assets, dividends from in-kind shares, results of management and divestment of in-kind shares, dividends from portfolios, portfolio divestments, and additional capital injections from the Government.

Meanwhile, third-party funding sources are bank loans (bridging, bilateral, syndicated loans), capital market financing (bond issuance), acquisition financing (bridging, short/long-term loans, dividend recap), and asset securitization. The structure and options of these third-party financing can be utilized by INA, sub-holdings, and project levels.

In regards to in-kind shares management, INA conducts regular monitoring in compliance with internal policy on Inkind Share Management.

The use of funds is adjusted to liquidity needs to support investment needs and operational needs. The source of funds to meet these liquidity needs can originate from a combination of sources.

INA has built relationships with more than 40 financial institutions to support funding needs and treasury asset management. Other than the 6 (six) banks that have extended credit facility, INA fosters partnership with financial institutions aiming to cash management accounts for operational requirement, custodian banks, bond dealers, equity brokers/ dealers, hedging providers, and bank guarantees issuance providers.

By having its inaugural credit rating that is an Investment Grade from Fitch Rating, INA opens up alternative sources of funding from offshore, if needed.

INVESTMENT PROJECT FUNDING

As of December 2023, INA extended funding/ financing supports to several projects as follows:

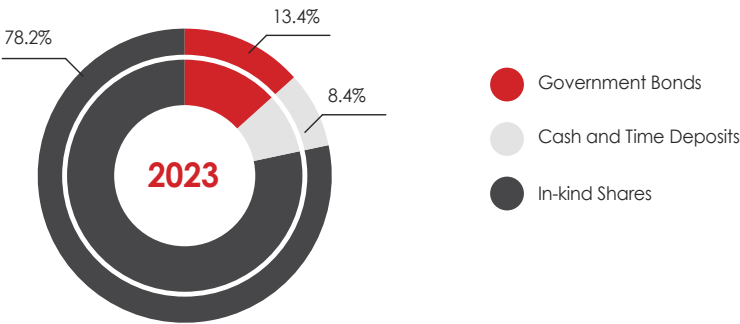
- 1. INA supported its investee company in the toll road infrastructure sector to establish bank guarantee facility in accordance to Settlement Agreement.
- 2. INA disbursed a bridging loan facility to investee company in the form of intercompany loans for the completion of toll road projects.
- 3. INA assisted the investee companies in toll roads to secure a financing on non-recourse basis from the shareholders for the purpose of refinancing.
- 4. INA conducted its funding strategy by managing its Foreign Exchange exposure on natural hedge basis.
- 5. INA optimized its capital structure at investee companies operating in logistics warehouse sector by way of extending shareholders loan.

TREASURY ASSET MANAGEMENT

Treasury assets, as a source of internal funding, are managed with the purpose of optimizing yields, capital preservation, and liquidity management.

As of the end of December 2023, INA managed treasury assets consisting of in-kind shares, bonds, deposits, and cash. The largest portion, accounted for 78.2% of the total treasury assets, such as in-kind shares in Bank Mandiri (BMRI) and BRI (BBRI), with a market value of Rp76.6 trillion. The market value has increased by Rp31.7 trillion, which is equivalent to a 70.3% increase from the acquisition value of Rp45 trillion. With the inclusion of Rp6.2 trillion in dividend income received since the acquisition, INA has a potential total return of 84.0% from the acquisition value.

The remaining treasury assets consists of cash and bonds, with a portion of 21.8% of total treasury assets or equivalent to Rp21.4 trillion, generating a net return of 4.4% per year.



Treasury Assets as of December 2023
Government Bonds – Cash and Time Deposits – In-kind Shares

FINANCIAL REVIEW

The data and information of the financial review refers to INA Financial Statements for the period of December 31, 2023 which have been audited by Public Accountant Firm Purwantono, Sungkoro & Surja (Affiliates of EY) with an unqualified opinion.

STATEMENTS OF FINANCIAL POSITION

(In Million Rupiah)

| | 2023 | 2022 |
|---|--------------------|-------------------|
| Assets | | |
| Cash and banks | 486,012 | 195,657 |
| Time deposits | 7,700,000 | 7,300,000 |
| Interest receivables | 357,799 | 204,511 |
| Other receivables | 1,097,998 | - |
| Prepayment | 5,969 | 4,326 |
| Investment in debt instruments | | |
| - Bonds | 13,165,600 | 14,444,380 |
| - Other debt instruments | 668,831 | 679,843 |
| Investment in equity instruments | | |
| - Sub-holding | 12,763,409 | 10,833,547 |
| - Other financial assets | 76,649,508 | 64,213,561 |
| Loan to related parties | 3,930,286 | 1,841,271 |
| Deferred tax assets | - | 1,725 |
| Fixed assets - net of accumulated depreciation | 34,377 | 42,433 |
| Other assets | 6,555 | 88,409 |
| Total Assets | 116,866,344 | 99,849,663 |
| Liabilities | | |
| Other payables | - | 776 |
| Accruals | 76,436 | 38,246 |
| Tax payables | 4,375 | 22,428 |
| Deferred tax liabilities | 1,229 | - |
| Provision | 299,080 | 185,957 |
| Lease liabilities | 13,512 | 18,164 |
| Bank loan | 665,998 | 679,607 |
| Loan from related parties | 2,058,747 | 1,951,419 |
| Employee benefits obligation | 17,038 | 7,225 |
| Total Liabilities | 3,136,415 | 2,903,822 |
| Equity | | |
| Capital | 75,000,000 | 75,000,000 |
| Other reserves | 3,955,223 | 3,955,223 |
| Unrealized gain/(loss) on changes in fair value of: | | |
| - Other financial assets | 27,694,285 | 15,258,338 |
| - Bonds | (66,633) | (118,182) |
| Remeasurement of defined employee benefit | (3,221) | (1,188) |

| | 2023 | 2022 |
|-------------------------------------|--------------------|-------------------|
| Compulsory reserve | 1,541,449 | 231,249 |
| Retained earnings | | |
| - Unappropriated | 5,608,826 | 2,620,401 |
| Total Equity | 113,729,929 | 96,945,841 |
| Total Liabilities and Equity | 116,866,344 | 99,849,663 |

INA's total assets grew by 17.0% year-on-year (yoy), reaching Rp116.9 trillion in 2023 from Rp99.8 trillion in 2022. The increase was largely due to the significant growth of investments in equity instruments that reached Rp89.4 trillion, as well as loan to related parties and other receivables amounted to Rp5.0 trillion. At the end of 2023, INA's asset composition mainly consists of 76.5% investment in equity instrument, 11.3% investment in bonds and 6.6% time deposit.

In 2023, cash and bank and time deposits stood at Rp486.0 billion and Rp7.7 trillion, respectively. Majority cash and banks were placed in Himbara Bank in mainly Rupiah denominations. Meanwhile, time deposits are mostly placed in Bank Himbara, all of which are in Rupiah denomination.

INA's investment in bonds of Rp13.2 trillion consists of Rp8.4 trillion in amortized and Rp4.8 trillion in fair value through other comprehensive income (FVOCI).

In 2023, investment in equity instruments reached to Rp89.4 trillion, grew by 19.1% (yoy), equivalent to Rp14.4 trillion increase from Rp75 trillion in 2022. The rapid growth in equity instrument investments is driven by investments in sub-holdings and other financial assets, which grew by 17.8% and 19.4%, respectively, to reach Rp12.8 trillion and Rp76.6 trillion in 2023. Transfer of investment ownership in PT Rafflesia Investasi Indonesia to co-investor amounting Rp3.3 trillion was done subsequent to transaction completion in 2023.

Liabilities increased from Rp2.9 trillion in 2022 to Rp3.1 trillion in 2023, which is significantly contributed by loan from related parties of Rp2.1 trillion and bank loans of Rp665.9 billion.

Equity grew significantly by 17.3% from previously Rp96.9 trillion in 2022 to Rp113.7 trillion in 2023. The increase of equity was primarily supported by an increase of unrealized gain on changes in fair value of other financial assets and net profit for the year.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(In Million Rupiah)

| | 2023 | 2022 |
|---|-------------------|-------------------|
| Revenue – net of final tax amounting to Rp157,834 (2022: Rp164,749) | 5,417,815 | 3,446,786 |
| Investment Expenses | (237,917) | (72,168) |
| Operational Expenses | (557,005) | (439,747) |
| Finance Cost | (303,128) | (293,429) |
| Foreign Exchange Loss | (950) | (294) |
| Profit Before Income Tax Expense | 4,318,815 | 2,641,148 |
| Income Tax Expense – Net (exclude final tax) | (20,190) | (20,747) |
| Net Profit for the Year | 4,298,625 | 2,620,401 |
| Total Other Comprehensive Income | 12,485,463 | 15,269,820 |
| Total Comprehensive Income for the Year | 16,784,088 | 17,890,221 |

| | | | | |
|---------------------|------------------|-------------------------|----------------------------|---|
| .01 WELCOME NOTE | .02 ABOUT INA | .03 INA ACHIEVEMENTS | .04 MANAGEMENT ANALYSIS | .05 STRATEGY AND OPERATIONAL REVIEW |
|---------------------|------------------|-------------------------|----------------------------|---|

In its third year of operation, INA was able to achieve a net profit of Rp4.3 trillion, which is a significant increase of 64.0% compared to the previous year's profit of Rp2.6 trillion. This was driven by growth in 2023 revenue of Rp5.4 trillion, grew by 57.2% (yoy) from 2022 revenue of Rp3.4 trillion. Main contributor of total revenue in 2023 was dividend income from BMRI and BBRI in total of Rp3.6 trillion and interest income of Rp1.4 trillion.

INA's success in controlling both investment and operating expense throughout 2023, played a significant role in the growth of its net profit.

Other comprehensive income of Rp12.5 trillion in 2023 is mainly coming from unrealized gain on changes in fair value from BMRI and BBRI in-kind shares amounted to Rp12.4 trillion resulting the total comprehensive income for the year becomes Rp16.8 trillion in 2023.

INVESTMENT AND OPERATIONAL EXPENSES

Investment expense reached Rp237.9 billion in 2023 or increased by 229.7% (yoy) compared to the previous year. The increase was mainly due to higher feasibility study expenses and the posting of a success fee.

INVESTMENT EXPENSE

(In Million Rupiah)

| | 2023 | 2022 |
|-------------------------------|---------|--------|
| Due dilligence expense | 136,717 | 55,421 |
| Success fee | 91,105 | - |
| Feasibility study expense | 5,087 | 12,439 |
| Custodian expenses | 4,993 | 4,179 |
| Fund/platform set up expenses | 15 | 129 |
| Total | 237,917 | 72,168 |

Operational expense stood at Rp557.0 billion in 2023, or increased by 26.7% (yoy), which was in line with the significant growth of INA's business activities. The main factors contributing to this increase were employee cost, professional fee, and supervision cost, which were the top 3 (three) components of the overall operational expense in 2023.

OPERATIONAL EXPENSE

(In Million Rupiah)

| | 2023 | 2022 |
|--------------------------------------|---------|---------|
| Board of Directors and employee cost | 331,052 | 248,526 |
| Supervision cost | 79,921 | 62,605 |
| Professional fee | 68,896 | 62,479 |
| Supervision supporting cost | 21,682 | 20,056 |
| Travel | 15,420 | 7,877 |
| Technology and information | 13,692 | 7,870 |
| Depreciation | 12,175 | 11,228 |
| Insurance | 4,896 | 5,109 |
| Office overhead | 3,532 | 1,560 |
| Leases | 3,041 | 2,820 |
| Others | 2,698 | 9,617 |
| Total | | 439,747 |

| | | | | |
|--------------------------------|------------------------|---------------------------------|---|-------------------------|
| .06 CORPORATE GOVERNANCE | .07 RISK MANAGEMENT | .08 SUSTAINABILITY REPORT | .09 ORGANIZATION AND HUMAN RESOURCE | .10 FINANCIAL REPORT |
|--------------------------------|------------------------|---------------------------------|---|-------------------------|

STATEMENT OF CASH FLOWS

(In Million Rupiah)

| | 2023 | 2022 |
|---|---------|-------------|
| Net Cash Provided from/(Used in) Operating Activities | 300,010 | (3,433,800) |
| Net Cash Used in Investing Activities | (4,119) | (3,254) |
| Net Cash (Used in)/Provided from Financing Activities | (5,527) | 668,063 |
| Net Increase/(Decrease)in Cash and Banks | 290,364 | (2,768,991) |
| Effect of foreign currency exchange rate changes | (9) | 39 |
| Cash and Banks at Beginning of the Year | 195,657 | 2,964,609 |
| Cash and Banks at End of the Year | 486,012 | 195,657 |

In 2023, net cash provided from operating activities stood at Rp300.0 billion. The largest cash inflow was from dividend income that reached Rp3.6 trillion, transfer of ownership of investment received at Rp3.3 trillion, intercompany loan repayment received at Rp1.5 trillion, interest income of Rp1.3 trillion, and partial bond maturity received at Rp1.1 trillion. Meanwhile, the largest placements were placement on investment in equity instruments that reached Rp4.7 trillion, and placement of loan to related parties at Rp4.6 trillion.

Net cash used in investing activities reached Rp4.1 billion in 2023. Meanwhile net cash used in financing activities stood at Rp5.5 billion in 2023 for lease payments. Subsequently, INA's cash and banks at the end of 2023 reached Rp486.0 billion.

STATEMENT OF CHANGES IN EQUITY

(In Million Rupiah)

| Description | Capital | Other Reserves | Unrealized Gain/(Loss) of Changes in Fair Value of | | Compulsory Reserve | Unappropriated Retained Earnings | Remeasurement of Defined Employee Benefit | Total |
|--|------------|----------------|--|-----------|--------------------|----------------------------------|---|------------|
| | | | Other Financial Assets | Bonds | | | | |
| Beginning balance | 75,000,000 | 3,955,223 | (131,687) | 835 | - | 231,249 | - | 79,055,620 |
| Unrealized gain/(loss) on changes in fair value: | | | | | | | | |
| • Other financial assets | - | - | 15,390,025 | - | - | - | - | 15,390,025 |
| • Bonds | - | - | - | (119,017) | - | - | - | (119,017) |
| Appropriation of compulsory reserve | - | - | - | - | 231,249 | (231,249) | - | - |
| Remeasurement of Defined Employee Benefit | - | - | - | - | - | - | (1,188) | (1,188) |
| Net profit for the year | - | - | - | - | - | 2,620,401 | - | 2,620,401 |
| Balance as of 31 December 2022 | 75,000,000 | 3,955,223 | 15,258,338 | (118,182) | 231,249 | 2,620,401 | (1,188) | 96,945,841 |
| Unrealized gain/(loss) on changes in fair value: | | | | | | | | |
| • Other financial assets | - | - | 12,435,947 | - | - | - | - | 12,435,947 |
| • Bonds | - | - | - | 51,549 | - | - | - | 51,549 |

| Description | Capital | Other Reserves | Unrealized Gain/(Loss) of Changes in Fair Value of | | Compulsory Reserve | Unappropriated Retained Earnings | Remeasurement of Defined Employee Benefit | Total |
|---|------------|----------------|--|----------|--------------------|----------------------------------|---|-------------|
| | | | Other Financial Assets | Bonds | | | | |
| Appropriation of compulsory reserve | - | - | - | - | 1,310,200 | (1,310,200) | - | - |
| Remeasurement of Defined Employee Benefit | - | - | - | - | - | - | (2,033) | (2,033) |
| Net profit for the year | - | - | - | - | - | 4,298,625 | - | 4,298,625 |
| Balance as of 31 December 2023 | 75,000,000 | 3,955,223 | 27,694,285 | (66,633) | 1,541,449 | 5,608,826 | (3,221) | 113,729,929 |

The increase of equity of Rp16.8 trillion in 2023 was supported by unrealized gain from changes in fair value of other financial assets amounting to Rp12.4 trillion and net profit in 2023 of Rp4.3 trillion. INA established a mandatory reserve in 2023 for the net profit of 2022, which amounted to Rp1.3 trillion.



“Upholding the principles of governance to strengthen trust”

By implementing best governance practices and fostering a strong risk culture, INA is able to create a governance framework that supports informed decision-making and responsible investment management. Emphasizing ethical conduct, transparency, accountability, and sustainability at all levels of the organization has helped INA build stakeholder trust and attract potential investors. With a robust governance structure, INA can minimize risks, protect stakeholder interests, and strive for long-term value creation.



INSTITUTION CORPORATE GOVERNANCE

HIGHLIGHTS



INA conducts regular reviews of each policy in the Board of Directors Regulation (PDD), and makes the necessary adjustments, while still adhering to Law No. 11 of 2020, which has been revoked and replaced with Law No. 6 of 2023 regarding the Enactment of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation into Law, and Government Regulation No. 74 of 2020 on Indonesia Investment Authority.



As one of the concrete manifestations of good governance implementation, the Board of Directors periodically submits financial statements and management reports to the Supervisory Board.



Decision-making is carried out by INA's organs through meetings. Decision-making related to oversight is conducted by the Supervisory Board in the Supervisory Board meetings, which enacted at least once every 3 (three) months. Meanwhile, decision-making related to institution management is carried out by the Board of Directors in the Board meetings, which enacted at least once a week. The results of each meeting decisions are documented in the Meeting Minutes.



The Code of Ethics is implemented at INA by fostering an integrity culture, upholding INA's reputation, and preventing conflicts of interest.



INA conducts the Risk Control Self-Assessment (RCSA) process to evaluate risk control in accordance with the Risk Register, and the application of the Board of Directors Regulation (PDD) in INA's operational activities. This process also serves as the basis for updating INA's Risk Register in line with the development of INA's investment activities and risks.



As a full member of the International Forum of Sovereign Wealth Funds (IFSWF), INA adheres to international governance standards (The Santiago Principles) and commits to ensuring its compliance consistently.



GOVERNANCE IMPLEMENTATION BASIS

The legal basis of INA governance is outlined in Law No. 11 of 2020, which has been revoked and replaced by Law No. 6 of 2023 on the Establishment of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation into Law, and Government Regulation No. 74 of 2020 on Indonesia Investment Authority. INA has also established several internal policies to strengthen the implementation of good governance at INA.

INA's internal policies regarding the implementation of good governance consist of policies set by the Supervisory Board through the Supervisory Board Regulation (PDP) and policies set by the Board of Directors through the Board of Directors Regulation (PDD).

GOVERNANCE STRUCTURE

INA's governance structure consists of:

1. The Supervisory Board, as an organ that oversees the management of INA by the Board of Directors. In implementing its duties, the Supervisory Board is assisted by Committees and secretariat.

The Supervisory Board periodically conducts Supervisory Board Meetings, and the results are documented in the Meeting Minutes. As part of its supervisory duties, the Supervisory Board Meetings may invite the Board of Directors to present agendas concerning INA's operations.

As of 31 December 2023, the Supervisory Board has held 10 (ten) internal meetings, 7 (seven) joint meetings with the Board of Directors, and 14 (fourteen) meetings of Professional Supervisory Board with the Board of Directors.

2. The Board of Directors, as an organ whose functions are to manage and represent INA in and out of court. In managing INA, the Board of Directors may establish committees, members of which are assigned from the Board of Directors, employees, and/or other parties.

Pursuant to INA's internal rules, the Board of Directors conducts the Board Meetings at least once a week. These meetings are held, among others, for decision-making purposes. The Board of Directors Meeting Minutes document the results of each meeting. As of 31 December 2023, the Board of Directors held 106 meetings.

COMMITTEES UNDER THE SUPERVISORY BOARD

Audit Committee

The Audit Committee was established on 1 May 2021 based on a decree of the Supervisory Board. The implementation of the duties and authority of the Audit Committee is stated in the Audit Committee Charter. Members of the Audit Committee are assigned from internal and external of INA.

Duties of the Audit Committee

1. To evaluate internal controls, financial statements, compliance, internal auditors, communications with external auditors, risk management, compliance with Good Corporate Governance (GCG), and so forth.

2. To carry out its duties and authority, the Audit Committee conducts periodical meetings at least 6 (six) times in a year. During 2023, the Audit Committee has convened 12 meetings.

Audit Committee Members Structure

Chairman and Member: Haryanto Sahari (member of the Supervisory Board)
Member: Sumiyati
Member: Nita Skolastika Ruslim

Audit Committee Members Structure



Haryanto Sahari

1. Member of the Supervisory Board
2. Chairman and Member of the Audit Committee



Sumiyati

1. Member of the Audit Committee
2. Professional Experience:

- Inspector General at The Ministry of Finance
- Chairman of the Government Accounting Standards Committee
- Audit Committee at the Ministry of Finance
- Commissioner of the financial, bank, and insurance institution



Nita Skolastika Ruslim

1. Member of the Audit Committee
2. Professional Experience:

- Partner of PricewaterhouseCoopers (2005-2020)
- Member of the audit committee on several multinational and public companies
- Member of profession ethic of Indonesian Institute of Certified Public Accountant (IAPI) (2017 - 2019)

Ethics Committee

The Ethics Committee was established on 1 May 2021 based on a decree of the Supervisory Board. The implementation of duties and authority of the Ethics Committee is stated in the Ethics Committee Charter. Members of the Ethics Committee are assigned from internal and external of INA.

Duties of the Ethics Committee

1. To review INA's Code of Ethics and oversight function to ensure compliance with INA's Code of Ethics; and
2. To oversee the control of gratification, conflicts of interest, and handling issues raised through the whistleblowing system resulting from breaches of Code of Ethics, and so forth.

In carrying out its duties and authority, the Ethics Committee conducts periodic meetings at least once in 3 (three) months. During 2023, the Ethics Committee has convened 8 (eight) meetings.

Ethics Committee Members Structure

Chairman and Member:
Yozua Makes (member of the Supervisory Board)
Member:
Hikmahanto Juwana (concurrently serves as the Chief Executive of the Ethics Committee)
Member: Ahmadi Hadibroto

Ethics Committee Members Structure:



Yozua Makes

1. Member of the Supervisory Board
2. Chairman and Member of the Ethics Committee



Hikmahanto Juwana

1. Member of the Ethics Committee
2. Professional Experience:

- Professor of Law at the University of Indonesia
- Commissioner in several companies
- Former Tax Supervisory Committee.



Ahmadi Hadibroto

1. Member of the Ethics Committee
2. Professional Experience:

- Former Board Member of International Federation of Accountants (IFAC)
- Former Chairman of the National Management Board of the Indonesian Institute of Accountants
- Chairman of Shinewing Indonesia
- Former Head of Hadibroto Public Accounting Firm & Partner

Remuneration and Human Resources Committee

The Remuneration and Human Resources (HR) Committee was established on 1 May 2021 based on a decree of the Supervisory Board. The implementation of duties and authority of the Remuneration and HR Committee is in the Remuneration and HR Committee Charter. Members of the Remuneration and HR Committee are assigned from internal and external of INA.

Duties of the Remuneration and HR Committee

1. Providing recommendations on nomination and performance assessment of the Board of Directors;
2. Reviewing and monitoring of HR management strategies and policies, as well as the remuneration system;
3. Facilitating and providing recommendations on the performance assessment of the Supervisory Board, as well as the Key Performance Indicators (KPI) of the Board of Directors.

In carrying out its duties and authority, the Remuneration and HR Committee conducts periodical meetings at least once in 3 (three) months. During 2023, the Remuneration and HR Committee has convened 23 meetings.

Remuneration and Human Resources Committee Members Structure

Chairman and Member: Moh. Chatib Basri
Member: Darwin Cyril Noerhadi (member of the Supervisory Board)
Member: Bambang Widjanarko ES
Member: Rabin Indrajad Hattari
Member: Nofiansyah



Remuneration and Human Resources Committee Members Structure



Moh. Chatib Basri

1. Chairman and Member of the Remuneration and HR Committee
2. Professional Experience:
 - Head of Investment Coordinating Board (2012-2013)
 - Minister of Finance of the Republic of Indonesia (2013-2014)
 - Academician of Faculty of Economics, University of Indonesia
 - Consultant to various international institutions including IMF, World Bank, and ADB
 - Commissioner of the bank and telecommunication institutions



Darwin Cyril Noerhadi

1. Member of the Supervisory Board
2. Member of the Remuneration and HR Committee



Bambang Widjanarko ES

1. Member of the Remuneration and HR Committee
2. Professional Experience:
 - HR Professional and Strategic Consultant
 - Commissioner at the multiple national companies



Rabin Indrajad Hattari

1. Member of the Remuneration and HR Committee
2. Professional Experience:
 - Economist in international institutions including ADB, IMF, and World Bank
 - Permanent Secretary of Ministry of SOEs
 - Commissioner of the banking institution



Nofiansyah

1. Member of the Remuneration and HR Committee
2. Professional Experience:
 - Executive Officer at the Ministry of Finance
 - Commissioner of the infrastructure and financing institutions (special mission vehicle)

Furthermore, any gratuities received by the Board of Directors and employees are reported and handed over to the Compliance Division.

REPORTS SUBMISSION

Financial Statements

INA's Board of Directors prepares monthly Financial Statements and submits Quarterly Financial Statements, which have been reviewed by the Audit Committee and signed by the Board of Directors.

The Quarterly Financial Statements that have been prepared by the Board of Directors:

1. Quarter 1 of 2023 Report, signed on 17 April 2023.
2. Quarter 2 of 2023 Report, signed on 17 July 2023.
3. Quarter 3 of 2023 Report, signed on 19 October 2023.
4. Audited Annual Financial Statements of 2023, signed on 28 February 2024.

Management Report

INA's Board of Directors also prepares monthly Management Reports and submits Quarterly Management Reports to the Supervisory Board no later than 15 days after the Financial Statements are issued. The Quarterly Management Reports consist of Financial Performance Reports, Investment Management Reports, Operational Management Reports, and Internal Compliance Reports.

The Quarterly Management Reports that have been submitted by the Board of Directors to the Supervisory Board:

1. Quarter 1 of 2023 Management Report, dated 10 May 2023.
2. Quarter 2 of 2023 Management Report, dated 1 August 2023.
3. Quarter 3 of 2023 Management Report, dated 13 November 2023.
4. Quarter 4 of 2023 Management Report, dated 1 February 2024.



MONITORING GOVERNANCE POLICIES

INA actively and periodically monitors the implementation of provisions applicable to INA, both statutory provisions and internal policies. The monitoring is carried out by the Compliance Division, among others by:

1. Review the compliance aspect for every investment to be carried out by INA;
2. Review the compliance aspect for every internal policies and procedures that will be applied, including ensuring the implementation of periodic reviews of all INA policies;
3. Ensure that all Board of Directors and employees annually sign an integrity pact in relation with the commitment to implement the INA Code of Ethics;
4. Ensure that all Board of Directors and employees report share ownership twice a year, for further review and reporting in accordance with prevailing regulations;
5. Implement gratification control programs;
6. Monitoring the Whistleblowing System (WBS) and following up on alleged violation reports received through the Whistleblowing System.

Moreover, the Compliance Division held internal dissemination on INA's Code of Ethics in 2023 to build a strong culture of compliance and ethics. Internal socialization has also been conducted on all current policies and procedures to ensure comprehensive understanding and consistent implementation by employees.

On the transparency aspect of good governance implementation, reporting mechanisms related to governance aspects to the Supervisory Board and/or Committees under the Supervisory Board were carried out, as follows:

1. Compliance and governance reports included in the Quarterly Management Report submitted to the Supervisory Board;
2. Whistleblowing System (WBS) reports submitted to the Ethics Committee and Audit Committee every quarter;
3. Shareholding reports by the Board of Directors and employees submitted to the Ethics Committee every semester;
4. Self-Assessment of Good Corporate Governance (GCG) according to parameters set by the Supervisory Board through the Remuneration and Human Resources Committee conducted every semester;

5. Other ad-hoc reporting conducted in accordance with prevailing regulations.

Furthermore, in implementing the Risk Management Framework, the Compliance Division coordinates the Risk Control Self-Assessment (RCSA) across all INA divisions according to the schedule set at the beginning of the year. In 2023, all Divisions completed the RCSA implementation and reported the results to the Risk Management Committee.

INA commits to upholding the principles of good governance by ensuring the implementation of every action plan designed to improve and enhance INA's governance. These action plans may be a follow-up from the RCSA process or follow-ups from reviews and/or audits conducted by the Internal Audit Division. The Compliance Division closely monitors the action plans and reports them periodically as a standing agenda in the Risk Management Committee. The reporting includes the timeliness of completion and the obstacles/challenges in its implementation.

In regards to INA's compliance with prevailing regulations, an audit was conducted by the Independent Auditor, Purwantono, Sungkoro & Surja (an EY affiliate). The Independent Auditor's report for 2023 states that in all material respects, INA has complied with, laws, regulations, contracts, and requirements applicable to INA.

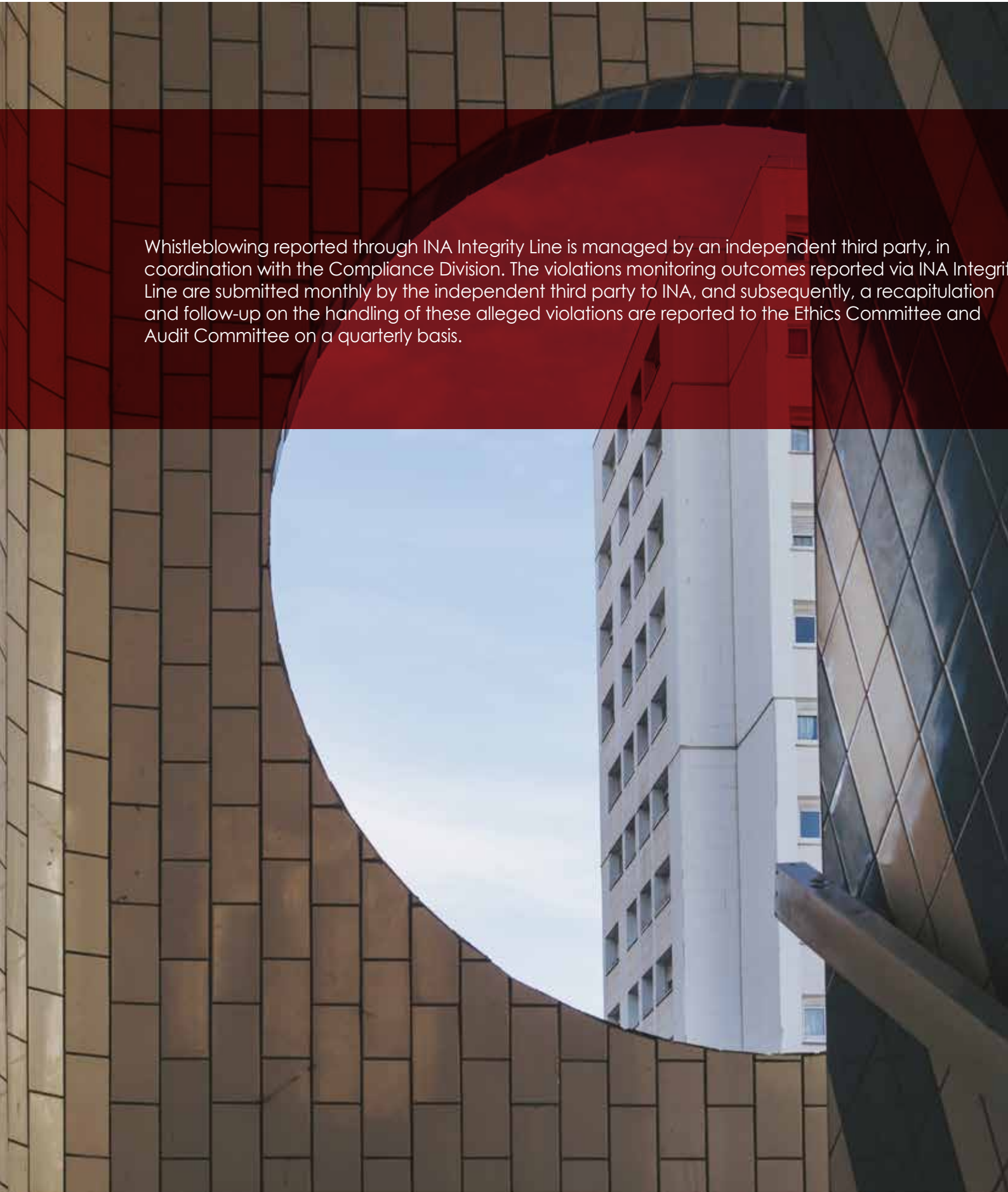
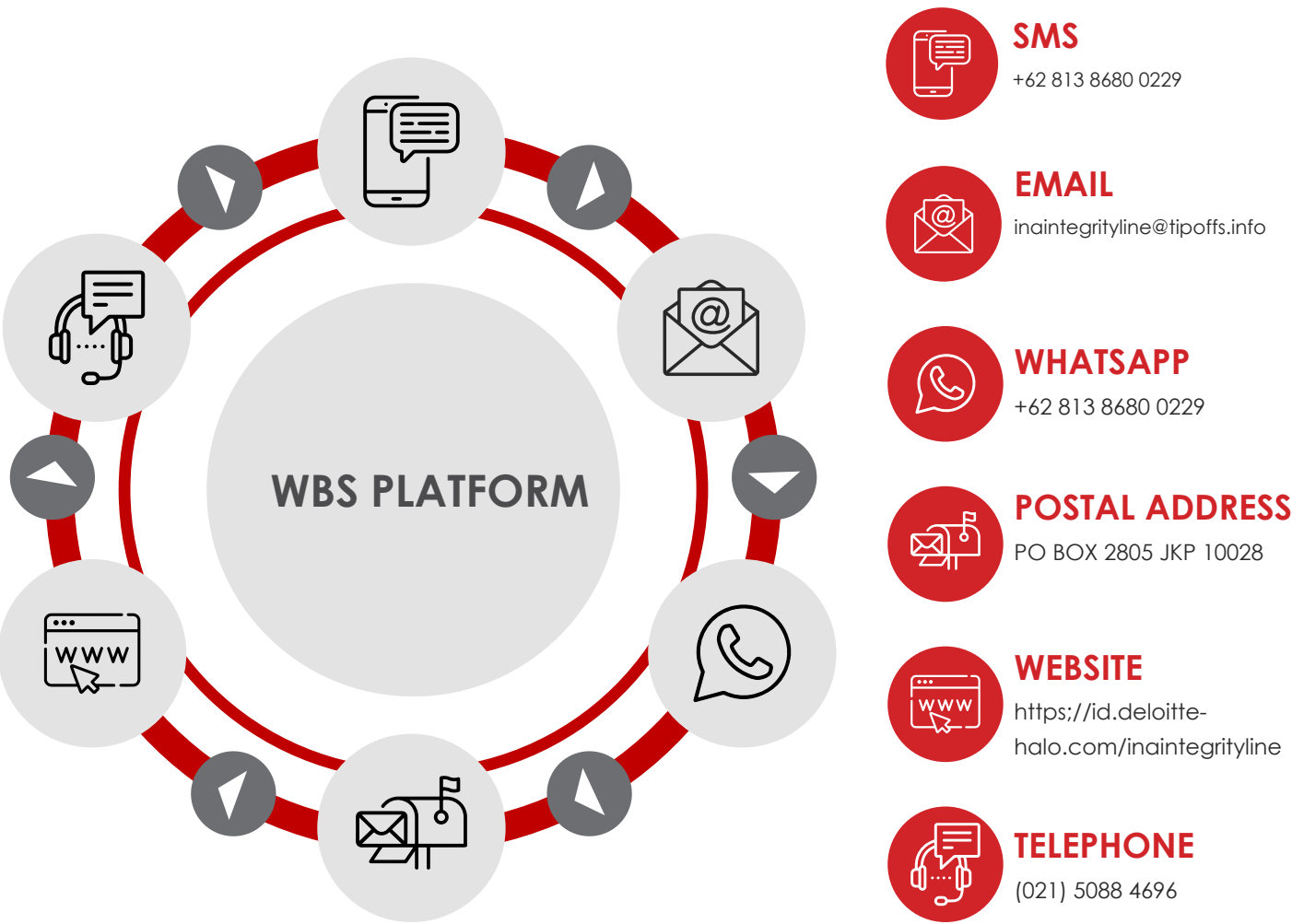
INA's Internal Audit conducted audit activities in significant business processes in 2023. Internal Audit also reviewed the Risk Control Self-Assessment (RCSA) process completed by the management and monitored the effective implementation of audit recommendations.

WHISTLEBLOWING SYSTEM

INA has implemented a Whistleblowing System (WBS) since 2021, namely INA Integrity Line. The objectives of the WBS include implementing a culture of integrity at INA, providing a grievance mechanism that protects the whistleblower, and mitigating the possibility of financial and non-financial losses.

INA Integrity Line manages reporting and/or disclosure of alleged violations committed by members of the Supervisory Board, the Supervisory Board's apparatus, members of the Board of Directors, and/or employees. The system was made to ensure the confidentiality and protection of whistleblowers. INA Integrity Line system is integrated in INA's website.

Whistleblowing reported through INA Integrity Line is managed by an independent third party, in coordination with the Compliance Division. The violations monitoring outcomes reported via INA Integrity Line are submitted monthly by the independent third party to INA, and subsequently, a recapitulation and follow-up on the handling of these alleged violations are reported to the Ethics Committee and Audit Committee on a quarterly basis.



“Effective Risk Management to Achieve Long-Term Investment Goals”

INA has established a comprehensive risk management framework to embed and implement risk management, along with effective risk mitigation strategies across its investments to ensure they achieve success, while growing sustainably. Risk management actions include identification, assessment, and monitoring various types of risks in the evolving investment landscape and regulatory environment. As INA evolves to achieve its investment objectives, it remains committed to upholding the highest standards of risk management practices to safeguard its investments and maximize returns for its stakeholders.



RISK MANAGEMENT

RISK MANAGEMENT OBJECTIVES

INA has implemented an effective risk management system to support the achievement and growth of performance sustainably in accordance with INA's mandate and Risk Appetite. This system has been implemented and operating since 2022. This risk management system will continue to adapt to control INA's ever expanding risk activities as it fulfills its mandate, while navigating and anticipating economic challenges, both domestic and global.

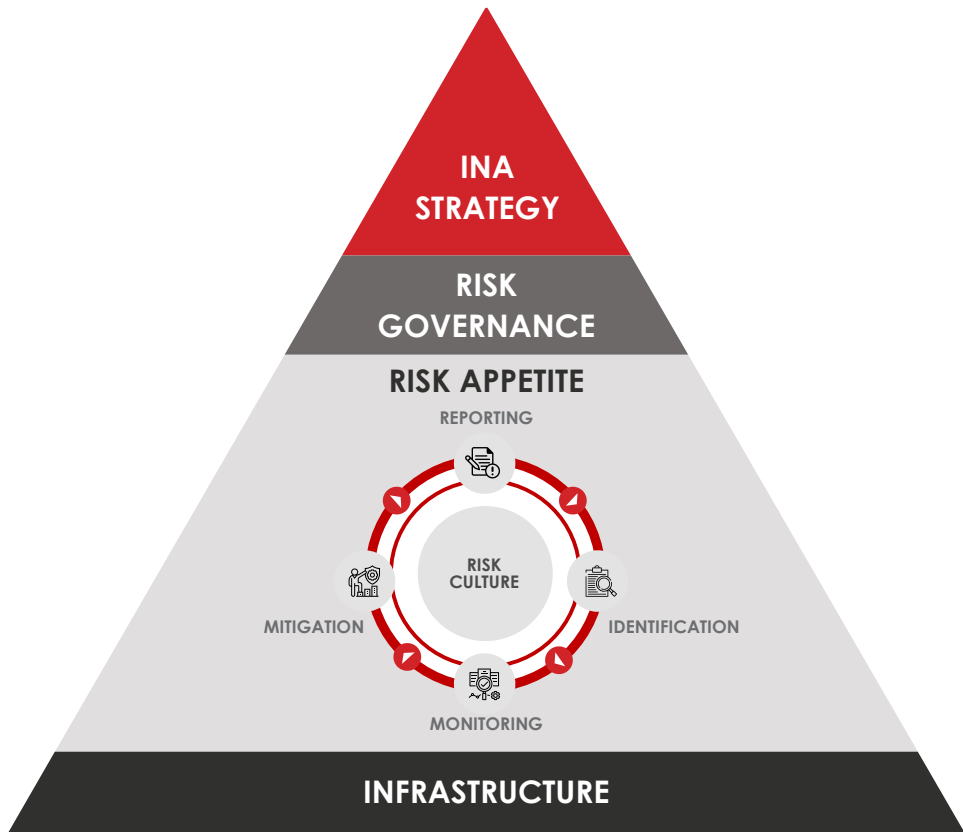
The second line of INA is intensively involved in the investment deployment process, as well as in monitoring realized investment assets to maintain the risks within the established Risk Appetite.

Consistently from previous years, INA's Risk Management is aimed at:

- 1. Supporting the achievement of INA's strategy to provide optimal risk-adjusted returns that considers ESG aspects, and is capable of attracting investor participation, for INA's long-term success and the development of Indonesia.
- 2. Establishing a risk governance framework which covers risks inherent in the investments (investment-related risks), as well as risks inherent in how we operate daily (enterprise-wide risks).
- 3. Building a risk-awareness culture through open, transparent, and constructive engagement based on behavioural guidelines set by the Management.

RISK MANAGEMENT FRAMEWORK

INA has built a risk management framework that governs its investment activities and its daily operations by applying the concept of three lines of defense model.



THREE LINES OF DEFENSE MODEL

INA has adopted the three lines of defense model to ensure that there is clarity and transparency in risk ownership and accountability.



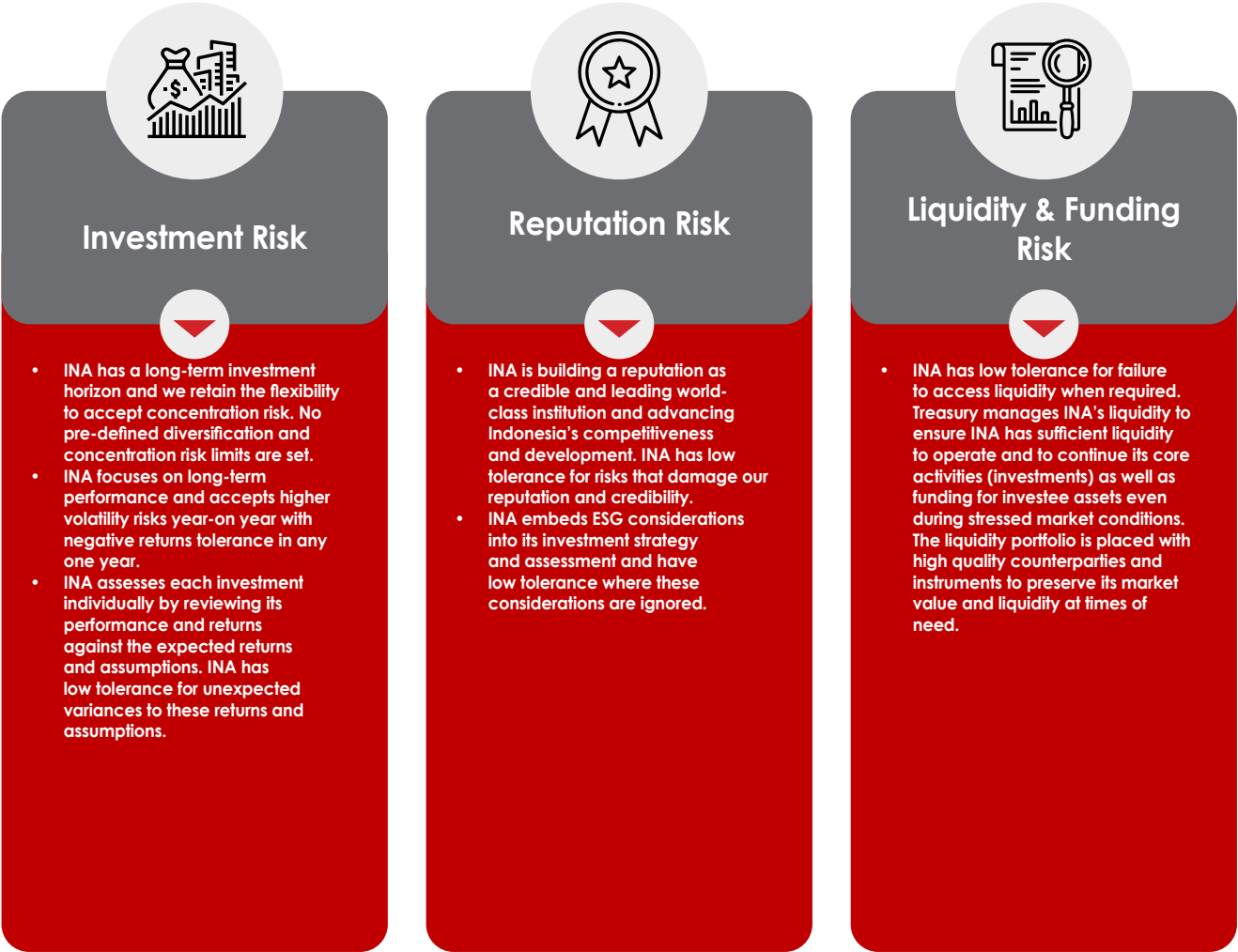
IMPLEMENTATION OF RISK GOVERNANCE

INA has identified 10 (ten) risk taxonomies based on its current development and has established a Risk Appetite Statement for 5 (five) major risks that need to be controlled.



This Risk Appetite Statement provides guidance on the level of risk INA is willing to take to achieve its mandate and meet investment expectations. This risk evaluation will be undertaken continuously in accordance with INA's developments and situations.

Risk Appetite Statement for INA's 5 (five) major risks.



“Ensuring investments are aligned with environmental, social, and good governance responsibilities”

INA is strongly committed to applying environmental, social, and governance (ESG) principles at all stages of our investments and operations. INA believes that incorporating material ESG factors can strengthen and deliver measurable impacts from our investments. INA's ESG approach is results-focused and data-driven, with efforts to integrate and manage ESG considerations throughout the investment cycle. From an operational perspective, INA is also committed to monitoring ESG aspects that are considered material and impactful, such as in the workplace environment and employee competencies. This includes air quality improvements and employee training, among other initiatives.



SUSTAINABILITY REPORT



BUILDING SUSTAINABLE GROWTH THROUGH RESPONSIBLE INVESTMENT

Our Beliefs

We believe that shaping sustainable growth requires a balance between financial success and responsible business practices. Our journey is not only focused on maximizing profits, but also on creating a positive impact on the environment, stakeholders, and Indonesian society at large.

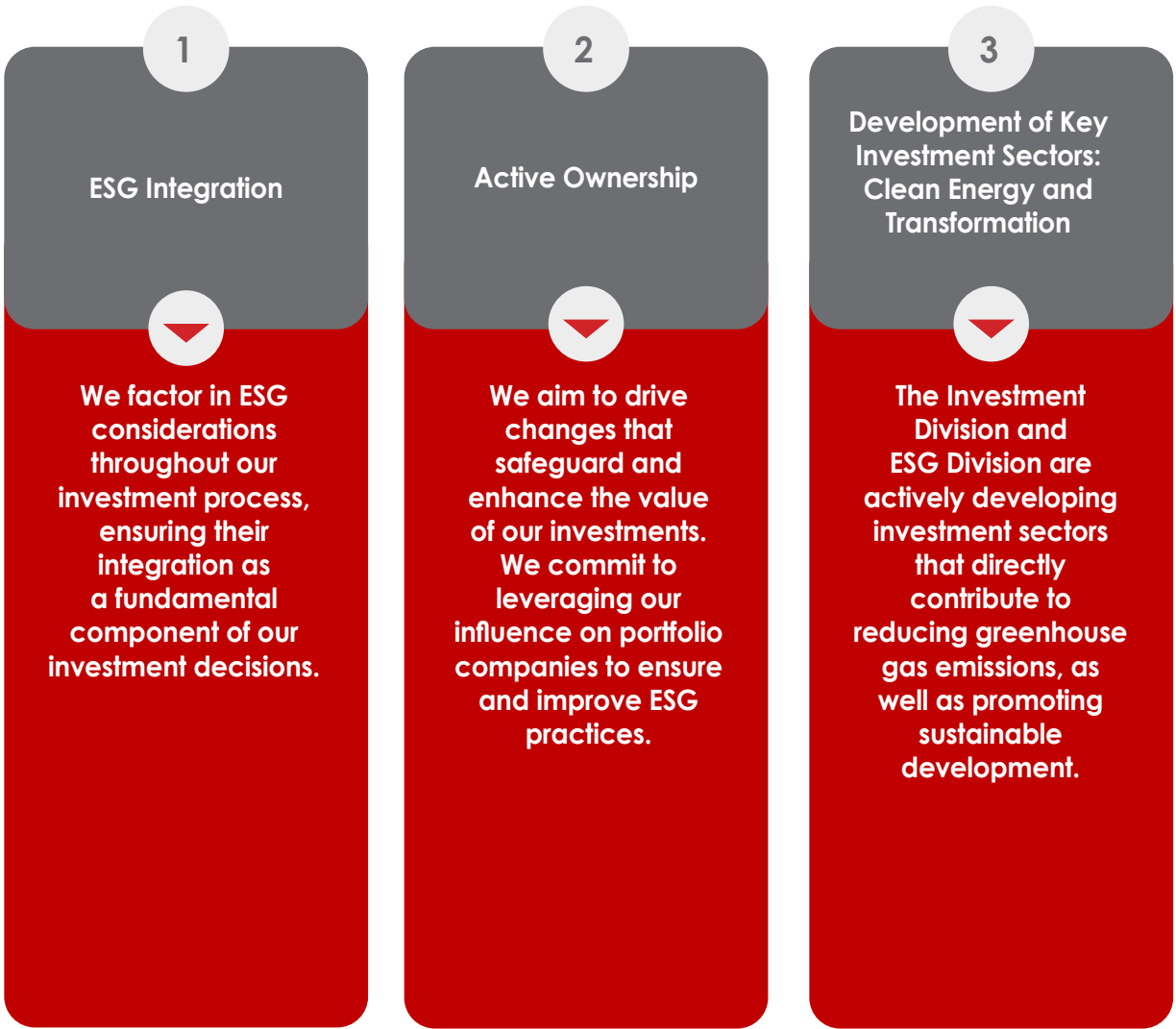
Ensuring our investments align with environmental, social, and good governance responsibilities is part of INA's mandate. As such, we adopt a holistic and long-term approach by integrating ESG aspects throughout INA's investment and operational processes. We commit to leveraging our rights and influence, and actively collaborating with INA's portfolio companies to enhance sustainability practices that can deliver long-term benefits to the nation and society as a whole. In 2023, we commenced active engagement with portfolio companies to develop an ESG roadmap. In the toll road investment platform, we began identifying potential ESG improvements, such as through operational water management plans and strengthening ESG policies and frameworks.

We are continuously to strengthen our ESG foundation and framework, ensuring alignment with the best ESG practices, both in Indonesia and globally. In 2023, we enhanced our ESG framework, refining our approach to portfolio monitoring based on INA's ownership share and level of influence. Additionally, we introduced new metrics into our ESG integration policy on climate change. For example, we integrated climate risk analysis in our evaluation process, particularly for sectors considered most vulnerable to climate change.

OUR APPROACH

Sustainability is a key cornerstone of our investment and operational processes. We employ our sustainability policies and frameworks to ensure ESG integration, safeguard our portfolios, and enhance investment value. INA's ESG approach underscores substance and seeks to align and manage ESG considerations in the investment lifecycle, with a focus on enhancing long-term value and delivering tangible improvements as needed.

INA's ESG Approach

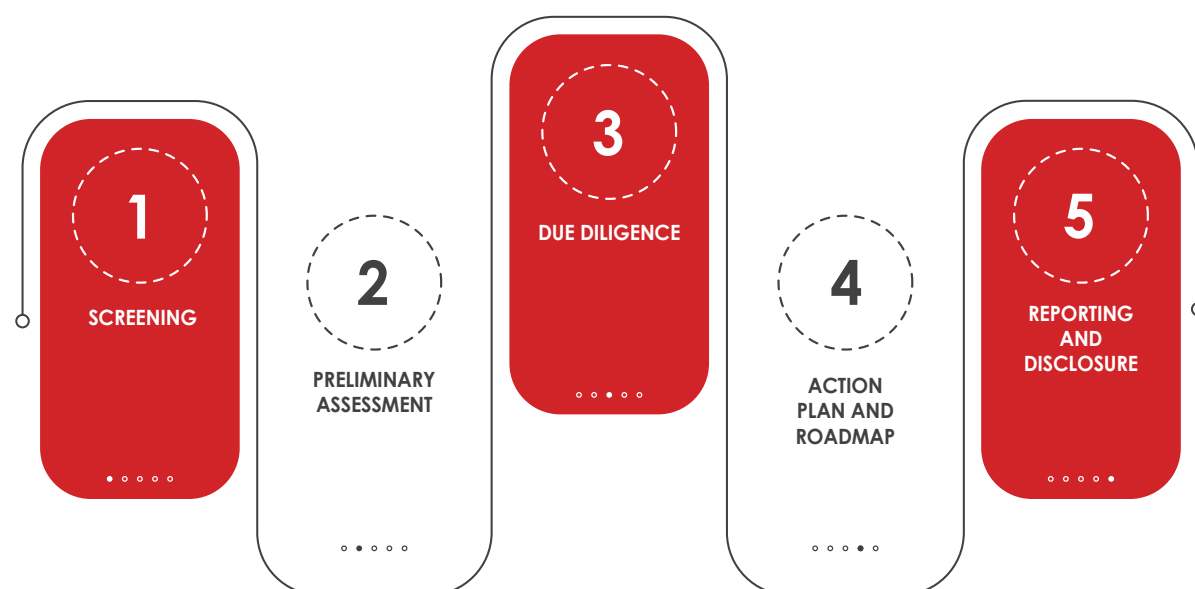


1. Integration in the Investment Process

INA continually reviews all investment opportunities from the outset to ensure that no investment has ESG-related issues that could potentially jeopardize the transaction. In 2023, the integration of ESG aspects in the investment process, which includes ESG reviews, ESG due diligence, as well as the completion of investment memos containing ESG recommendations, has been implemented on investment potential across all sectors. This includes the completion of the transaction for PT Pertamina Geothermal Energy with Masdar, as well as the development of a data center in the Nongsa Special Economic Zone with GDS.

We believe that failure to address ESG issues can have an impact not only on legal liability, but also significantly affect the financial aspects and valuation of investment potential. Therefore, in our investment modelling and appraisal process, we seek to integrate material ESG risks into investment analysis to provide a comprehensive view of performance and risk profile.

ESG aspects are fully integrated into the investment process.



PRE-TRANSACTION ESG Screening, Preliminary Review, and Due Diligence (1, 2, 3)

INA ensures that investment sectors are excluded from its ESG negative list. ESG due diligence is conducted on all potential investments to identify material risks associated with ESG and potential value-added opportunities in target companies.

Recommendations and Action Plans (4)

The results of ESG due diligence and recommendations become part of investment decision making and are endorsed in transaction documents as needed.

POST-TRANSACTION ESG Roadmap Development and Reporting

INA works closely with portfolio companies to develop ESG roadmaps and targets, such as emissions reduction and energy efficiency. This will be adjusted to the investment structure, portion of ownership, and INA's influence on each investment.

INA aims to provide regular updates on our ESG implementation, reflecting our value of transparency and our desire to foster strong relationships with stakeholders and the wider community.

Our ESG Focus Areas

INA prioritizes 12 ESG focus areas to guide the screening and due diligence process and defines monitoring areas for assessing the progress of our portfolio companies. In addition, we consider specific focus areas or metrics pertaining to specific sectors.



GHG Emissions & Air
Pollutants



Energy Management



Water Management



Waste Management



Ecological Impact



Workforce Practices
and Training



Health and Safety



Engagement, Diversity
& Inclusion



Community
Engagement



Labor and Economic
Growth



Business Model
Resilience



Business Ethics and
Anti-corruption

2. Integration in INA's Operational Process

INA continuously monitors ESG aspects of our operational processes, such as greenhouse gas emissions measurement, employee diversity, total employee training hours, and the implementation of ESG good governance. These metrics will become the basis to continually improve our operational performance in order to remain align with good ESG principles.

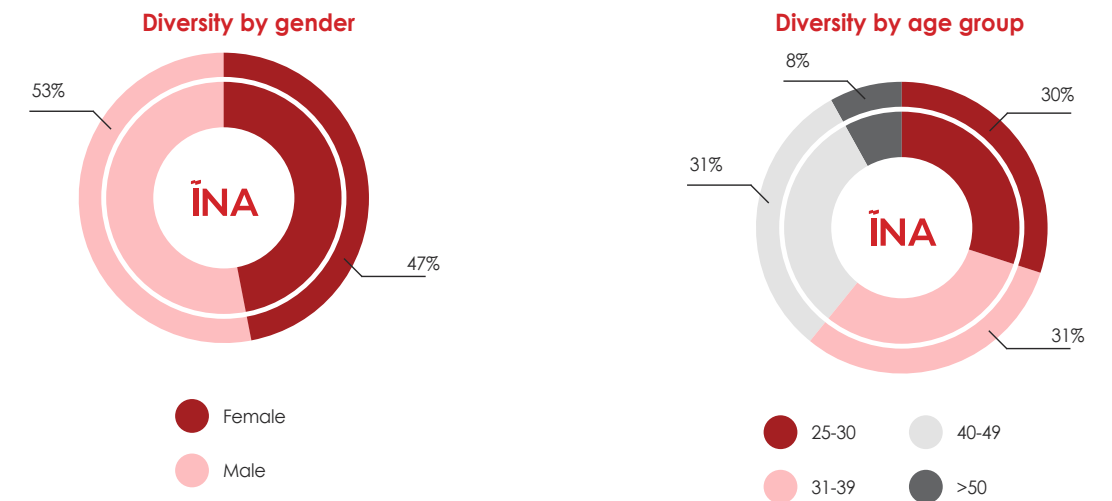
Greenhouse Gas Emissions

Aligned with our commitment to achieve sustainable business practices, we continuously monitor the greenhouse gas emissions generated from our operations. This report reflects our efforts in understanding, measuring, and managing the impact of greenhouse gases generated by our operations throughout the year. As part of our efforts to gradually reduce greenhouse gas emissions from the use of operational vehicles (Scope 1) while meeting increasing operational needs, we began incorporating electric vehicles into our operational fleet starting in 2023.

| Description | Quarter 1 - 2023 | Quarter 2 - 2023 | Quarter 3 - 2023 | Quarter 4 - 2023 |
|---|------------------|------------------|------------------|------------------|
| Scope 1 (tons CO ² -e) Total emissions from fuel consumption for operational vehicles | 1 | 1.36 | 0.95 | 1.24 |
| Scope 2 (tons CO ² -e) Total emissions from electricity consumption for office operations | 24.56 | 25.58 | 26.7 | 24.9 |

Employee Diversity

INA believes that employee diversity is the key to achieving innovation and optimal performance. By combining diverse backgrounds and views, diversity creates opportunities for creative ideas and innovative solutions. INA commits to ensuring that every employee enjoys equality and equal opportunities within the organizational structure. One of these commitments is reflected in the increase in the percentage of female employees from 42% in 2022 to 47% in 2023. INA will continue to implement equal opportunities for all employees, in line with INA's ESG principles.



Employee Training and Creating a Favorable Workplace

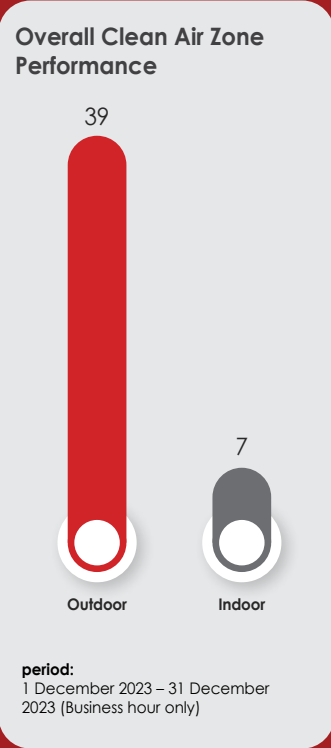
Substantial human resources become valuable capital for INA in carrying out its mission to create added investment value and increase Indonesia's competitiveness. To achieve this goal, INA commits to providing development and training programs that pay attention to each employee's unique competencies and accommodate the increasingly dynamic business challenges.

INA continues to support the development of technical competencies of all employees through the realization of 1,164 hours of total technical training in 2023, which is a significant increase from a total of 137 hours in 2022. Training materials cover various aspects, such as investment, law, internal audit, taxation, and ESG. In 2023, INA conducted 255 hours of mandatory training for all employees, which includes socialization of institutional policies, governance, and cybersecurity awareness. This is a concrete step by INA in ensuring that the entire team has the necessary knowledge and skills to deal with business dynamics and meet high standards of safety and sustainability.

Installation of NAFAS Sensors to Improve Air Quality

INA collaborates with NAFAS Indonesia to improve air quality in the office environment to create a healthy workplace and support optimal performance for all employees. INA believes that improving indoor air quality has a direct and measurable impact on the cognitive abilities and overall health of our employees.

Clean Air Zone by NAFAS is designed to keep indoor air quality healthy during working hours through a combination of automated monitoring systems, air filtration, certification, and data-driven employee engagement programs. The system connects to the cloud to measure levels of PM (particulate matter) 2.5, CO2, temperature, and humidity. Air quality monitors have been installed at 27 points, while air quality purifiers have been placed at 43 points spread across INA offices starting in November 2023.

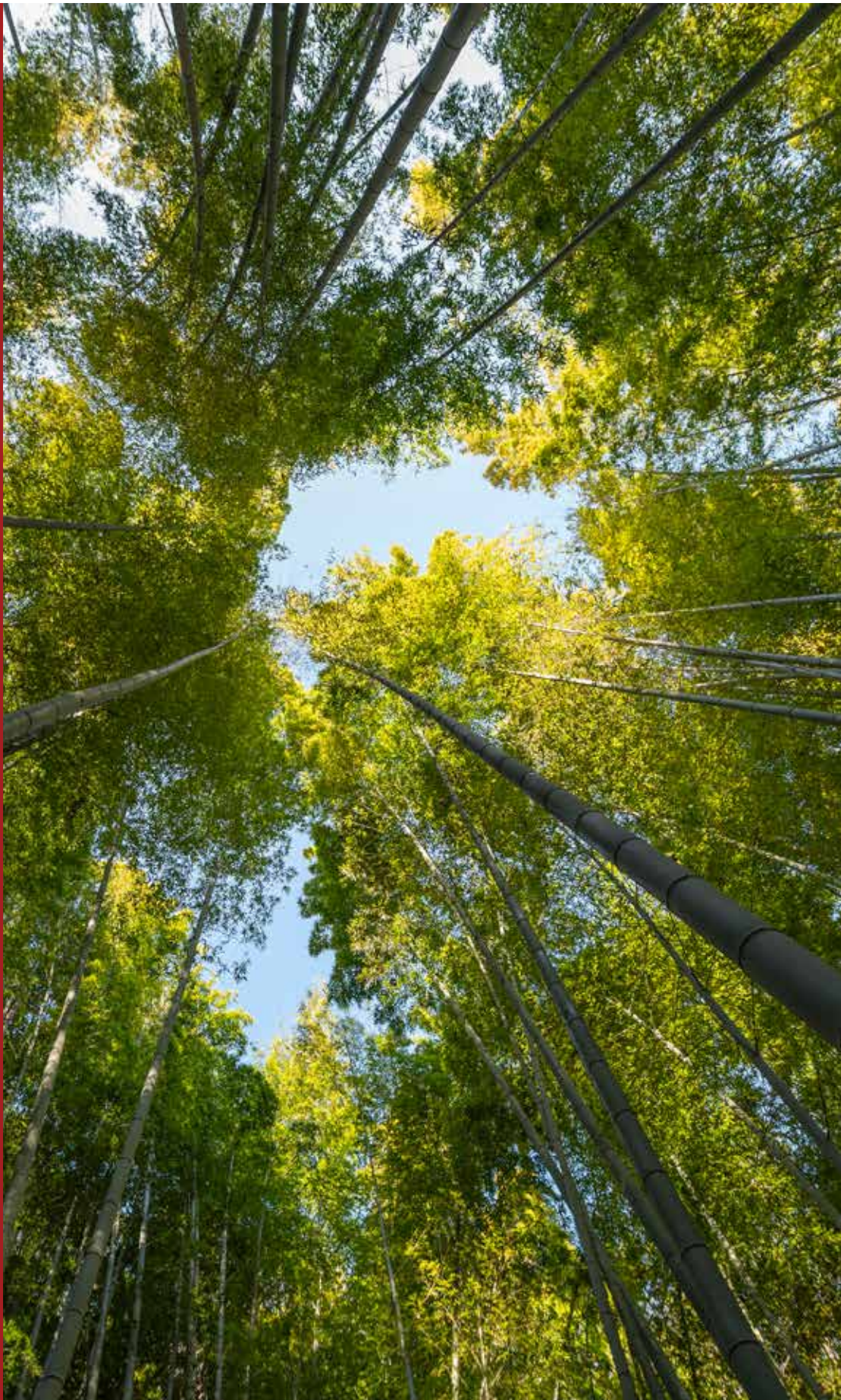


Indoor air quality was

82%

Better compared to outdoor

During December 2023, INA has consistently maintained PM2.5 levels below 12 µg/m3, which is categorized as a healthy zone under WHO standards. Furthermore, based on the NAFAS sensor, the air quality in INA office indicated a significant 82% improvement compared to the outdoor air quality. INA remains committed to maintaining and enhancing the air quality in our office environment.



ESG Good Governance

INA ensures that its investment and operational policies are implemented with due regard to environmental, social, and good governance responsibilities. In realizing this commitment, INA has developed and implemented ESG policies and procedures as a basis for exploring ESG-related risks and opportunities. Furthermore, INA has summarized and informed its ESG policy through its website as part of its transparency commitment. The involvement of the Board of Directors, ESG Division, and Investment Division is a clear reflection of INA's commitment to sustainable investment and operations. Through their duties and responsibilities, INA ensures that ESG aspects are holistically integrated in every potential investment, creating a positive impact in the long run.

Board of Directors

1. Decision-making and oversight of efforts and issues related to responsible investment.
2. In consultation with the Supervisory Board, the Board of Directors is responsible for approving ESG policies and conducting periodic reviews to ensure compliance with global and national priority issues, best practices, and ESG-related regulatory requirements.

ESG Division

1. Formulate and implement responsible investment policies and procedures.
2. Integrate ESG aspects into the investment process from initial review, due diligence, active monitoring, and portfolio company's ESG performance reporting.
3. Ensure that INA's operational processes run in accordance with environmental, social, and good governance responsibilities.
4. Manage and report on responsible investment performance and overall ESG implementation.





Investment Division

Working closely with the ESG division to ensure the investment process is in line with INA's ESG principles.

3. Active Monitoring

In 2023, INA established internal procedures detailing the monitoring of ESG aspects in the portfolio in accordance with the portion of our investment ownership and control. During the ownership period, INA commits to establishing effective communication and dialogue with investee companies to discuss emerging ESG risks and opportunities. INA actively promotes the implementation of good corporate governance and sustainable business practices across our portfolio companies. Through these efforts, we aim to make a positive impact in supporting long-term sustainability and value-added practices. INA also realizes that ESG implementation in Indonesia is at a different level of maturity. Therefore, engagement must align with the corporate culture, growth stage, and resources needed to bring about tangible changes.

Throughout 2023, we have conducted 6 (six) dialogues with our portfolio companies, including the infrastructure and digital sectors. The dialogues focused on developing ESG roadmaps, monitoring greenhouse gas emissions, as well as developing social activities and community engagement. Through this series of dialogues, we actively participate in joint efforts to improve sustainability practices and positive impact in the sectors we invest in.

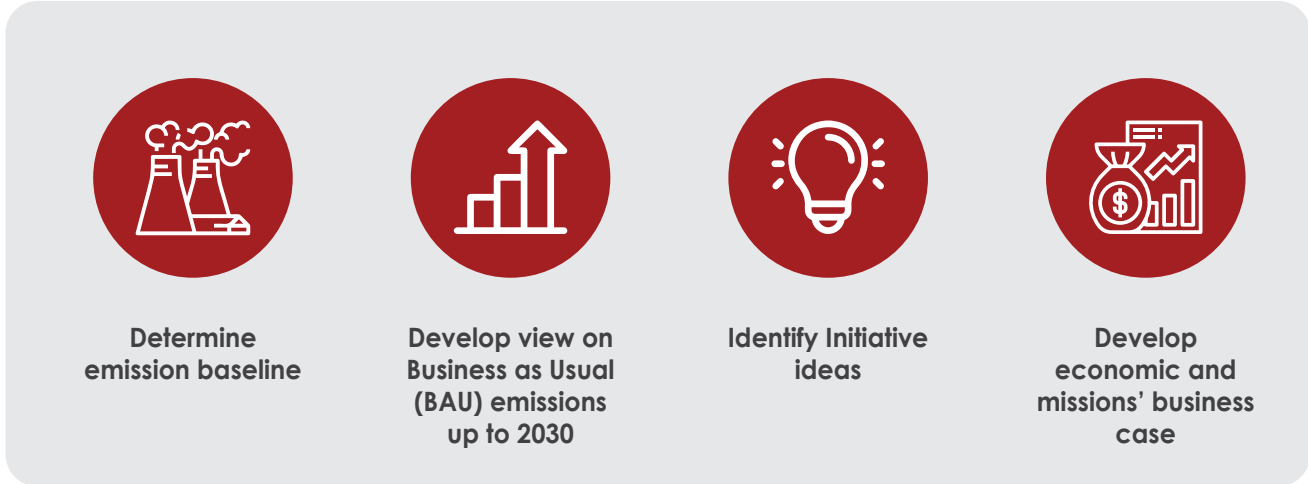
| The nature of ESG integration depends on INA's ownership share and level of influence in the investee, nevertheless INA remains committed to supporting the ESG performance of its investees | | | |
|--|---|--|---|
| | 1 Value Creation Agent | 2 Active Monitoring | 3 Passive Monitoring |
| <div>Description</div> <div></div> | <ul style="list-style-type: none">When INA holds a majority of shares and is considered an active shareholder. | <ul style="list-style-type: none">When INA holds a significant number of shares and is considered an active shareholder. | <ul style="list-style-type: none">When INA owns an insignificant number of shares and/or is considered a passive shareholder. |
| <div>Activities</div> <div></div> | <ul style="list-style-type: none">The development of an ESG roadmap to improve ESG performance and contribute to long-term value creation.Can involve various stakeholders including investors, employees, or third parties to enhance the investee's understanding and capabilities regarding ESG topics. | <ul style="list-style-type: none">Development of an ESG roadmap with specific ESG issues aligned with the strategic priorities of the investor and stakeholder expectations.The level of engagement may not be as extensive as with the value creation agent. | <ul style="list-style-type: none">Focus on reviewing major ESG issues, compliance with regulations. |
| <div>Outcomes</div> <div></div> | <ul style="list-style-type: none">ESG roadmap includes agreed-upon KPIs.Routine reporting. | <ul style="list-style-type: none">ESG roadmap includes agreed-upon KPIs.Routine reporting. | <ul style="list-style-type: none">Feedback or suggestions related to major ESG issues as needed. |
| <div>Portfolio monitoring</div> <div></div> | <ul style="list-style-type: none">Extensive, can engage a dedicated team. | <ul style="list-style-type: none">Moderate | <ul style="list-style-type: none">Minor |

SAFEGUARDING OUR PORTFOLIO

ESG Roadmap Development on the Toll Road Platform

In 2023, INA began active engagement with PT Semesta Marga Raya and PT Pejagan Pemalang Toll Road following the completion of the transaction involving 2 (two) toll road segments in Java in 2022. During the year, INA held several meetings with management representatives from both companies to further understand current ESG practices and asset-level aspirations.

Illustration of the ESG roadmap development process in the infrastructure sector



Simultaneously, 2023 also laid the foundation for both companies, marked by the beginning of the tracking and identification process to discover relevant initiatives to enhance ESG performance. The main focus during this period involved drafting strategies and roadmaps to improve company operations while strengthening governance and ESG policies at both companies. PT Semesta Marga Raya and PT Pejagan Pemalang Toll Road have initiated the calculation of scope 1 and 2 greenhouse gas emissions and will progressively report them to INA.

This approach and dimension not only demonstrate INA's commitment to ESG principles but also set the stage for transformational initiatives prioritizing long-term sustainability and responsible business practices in the toll road sector.

4. Investment to Support Low-Emission Development

Indonesia requires at least USD1 trillion to achieve its net-zero target by 2060. At the same time, investments are needed to fortify aging infrastructure and physical assets, ensuring that businesses can remain resilient against increasing physical pressures due to global warming. Understanding this investment need is one of INA's foundations in developing the Green Energy and Transformation sector.

Throughout 2023, the Investment Division and ESG Division have been actively identifying new investment potentials that are expected not only to reduce greenhouse gas emissions but also to bring in the expertise needed to accelerate these investments. We achieve this by forging partnerships with strategic partners in the related sectors. This initiative aligns with our commitment to not only positively impact the environment but also ensure the sustainability and overall value addition of investments.



In line with the global commitment to support climate change mitigation efforts, INA and Pollination, a global company engaged in investment, consulting, and climate change solutions, signed a Memorandum of Understanding (MoU). This collaboration represents a significant step towards harnessing the potential of Nature-Based Solutions (NBS) - strategies that utilize our natural capacity to absorb carbon emissions, enhance biodiversity, and support socio-economic growth. With its unique position, Indonesia has the world's second-largest low-cost NBS potential, accounting for 75% of the carbon stock in the Southeast Asia region.

This MoU forms the basis of cooperation in the NBS sector in Indonesia, the largest economy in Southeast Asia. These efforts are aligned with global and Indonesia's aspirations to achieve net zero emissions, in line with the Paris Agreement targets, which aim to limit maximum global temperature rise to 1.5 degrees Celsius and reduce greenhouse gas (GHG) emissions by at least 31% through domestic efforts or up to 43% with international support by 2030. INA's commitment is reflected through its focus on the green energy sector and transformation, playing an important role in Indonesia's green transition.

"INA is fully committed to green energy and transformation as one of the key investment sectors. This is in line with our determination to support Indonesia's agenda to achieve net zero targets by 2060, facilitate the transition to clean energy, and be a catalyst in the transformation of the sector, including through the adoption of nature-based solutions."


Arief Budiman – Deputy CEO of INA




PARTNERSHIPS: INA AS A LEARNING ORGANIZATION

Sustainability is an ever-evolving topic, necessitating adaptability and efforts to continually strengthen INA's capabilities as an organization in addressing ESG-related issues. In achieving this, INA believes in the importance of sharing learnings, particularly when facing increasingly complex sustainability challenges.

In 2023, we actively shared experiences and exchanged ideas as our investments and ESG implementation evolved. INA also participated in providing feedback for the completion of the Guidelines on Financing the Managed Phaseout of Coal Fired Power Plants by GFANZ. This document will serve as one of the references in the implementation of the energy transition mechanism pilot project.

A photograph of a panel discussion at the Indonesia Future of Climate Summit. Several individuals are seated on a stage in front of a backdrop with the event's logo. The backdrop also features the text 'Indonesia Future of Climate Summit' and 'A Decade of Climate Action for a Sustainable Future'.

In August 2023, at the Indonesia Future of Climate Summit hosted by Fairatmos, INA was represented by our Chief Investment Officer, Stefanus Ade Hadiwidjaja. Participating alongside industry leaders such as Ratri Sryantoro Wakeling, Lesly Goh, and Triharyo Soesilo, with insightful moderation from Widharmika Agung from Systemiq Ltd., he shared experiences regarding INA's role as an investor in advancing green energy transition in Indonesia. The initiatives discussed included investments in renewable energy, supporting eco-friendly supply chains, and driving the rise of e-mobility. Not only does this demonstrate INA's commitment to environmental sustainability, but it also strengthens our alignment with Indonesia's broader climate goals, marking a pivotal moment in our journey towards a more sustainable future.

A photograph of a panel discussion at the COP28 UAE Business & Philanthropy Forum. The backdrop displays the event's title 'UNLOCKING SUSTAINABLE CLIMATE TRANSITION FINANCE' and lists the participants: Moderator Ronald O'Hanley, James Scriven, Siddharth Sharma, Shemara Wikramanayake, Dr. Ridha Wirakusumah, and Timmanuel Givannakis. Below the list, the panelists are seated on a stage.

INA plays an active role in the series of COP 28 activities held in Dubai, United Arab Emirates in December 2023. At the Business & Philanthropy Forum titled "Unlocking Sustainable Climate Transition Finance," our Chief Executive Officer, Ridha Wirakusumah, gave a presentation and shared experiences related to sustainable finance development through the development of strategic sectors, such as energy transition and nature-based solutions. Further, Ridha highlighted the role of Sovereign Wealth Funds (SWF) that can act as catalysts and attract strategic partners to promote these strategic sectors. This also reflects the continuing role undertaken by INA in our capacity as Indonesia's SWF.



INA'S ORGANIZATION AND HUMAN RESOURCES

“Cultivating Inclusive Work Culture in Managing Best Talents”

INA strongly emphasizes talent acquisition, development, and retention. INA commits to fostering a diverse and inclusive work environment in which employees are empowered to contribute their unique skills and perspectives. Furthermore, INA invests in training and professional development to ensure that its employees have the necessary skills and competence to achieve its objectives forward. INA also fosters an innovative and collaborative culture, motivating employees to work together to achieve its strategic goals.



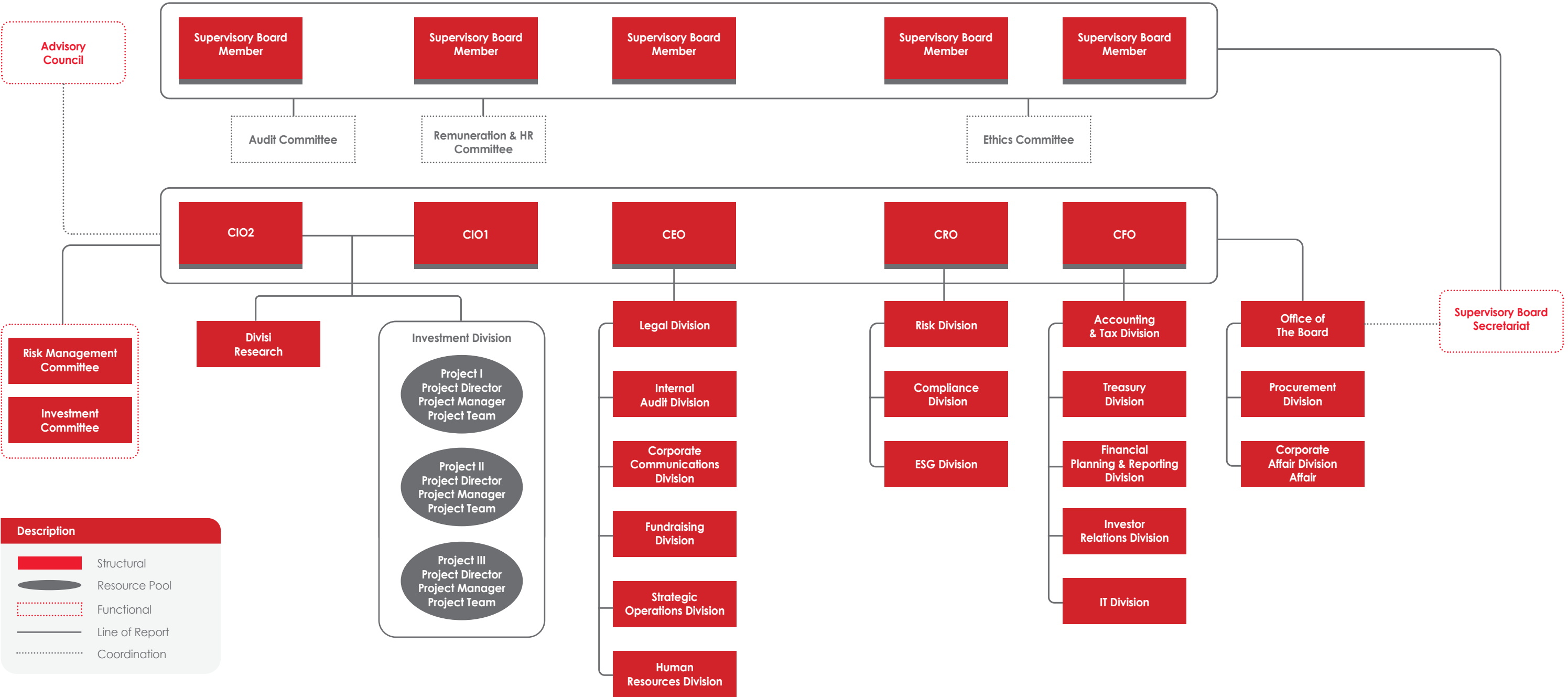
INA’S ORGANIZATION AND HUMAN RESOURCES

INA builds a strong organizational structure foundation and is continuously oriented towards improving organizational effectiveness.

ORGANIZATION OF INA

INA made several changes to the organizational structure to ensure a clearer, optimal, and efficient workflow. Adjustments to the organizational structure were made throughout 2023, including the establishment of the Strategic Operations Division under the supervision of the Chief Executive Officer (CEO).

INA builds a strong organizational foundation and continuously aims at improving organizational effectiveness.



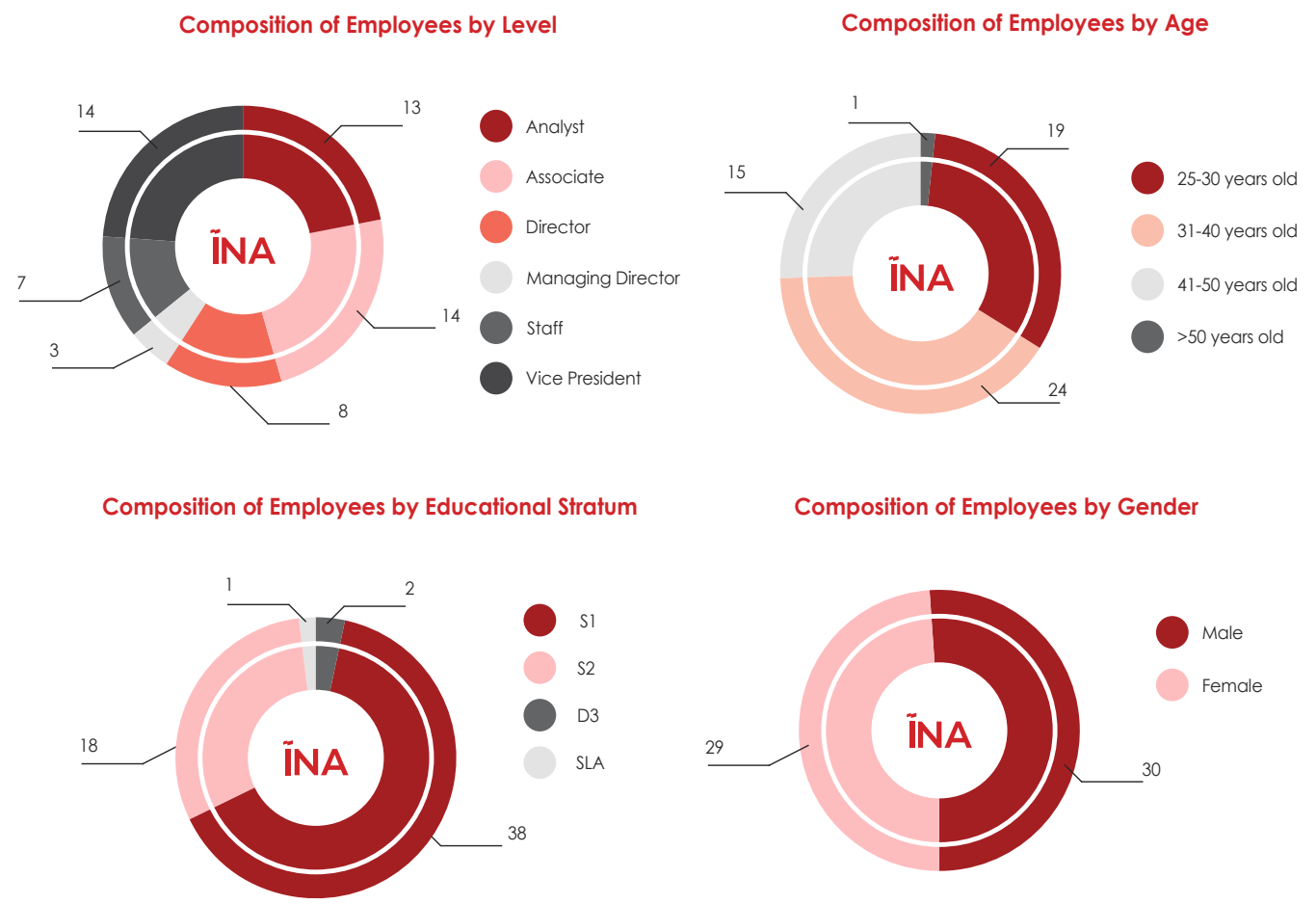
HUMAN RESOURCES

INA believes that the quality of human resources is one of the important assets that support INA's success in carrying out its mandate. Therefore, INA strives to be a professional, high-integrity, innovative, creative, and dynamic organization. For this reason, INA recruits the best talents, professional, productive, innovative, and with integrity, as well as manages its human resources as valuable assets.

INA Employee Recruitment in 2023

As of 31 December 2023, INA has a total of 59 employees, who are the best talents that support INA in carrying out its operations to realize its mandate.

INA Employee Composition



In an effort to conduct talent sourcing, INA has organized an internship program to acquire competent prospective employees. This program aligns with INA's commitment to provide opportunities for junior employees to progress within the organization.

INA facilitates employee development through a range of training initiatives, including both internal programs organized by INA and external programs attended by employees off-site.

To enhance employee engagement, INA has organized several activities involving the majority of employees. These activities serve as a communication platform and a means of appreciation for all employees, aimed at building fellowship between the Board of Directors and employees while also improving cooperation and collaboration with the Supervisory Board, its apparatus, and other supporting employees.

Name

INA
INDONESIA INVESTMENT AUTHORITY



Date of Establishment

15 December 2020

Core Business

Manage, plan, organize, supervise, control, and evaluate investments

Legal References

- Law of the Republic of Indonesia No. 11 of 2020 that has been revoked and replaced with the Stipulation of Government Regulation in Lieu of Law No. 2 of 2022 on the Job Creation into Law.
- Indonesian Government Regulation No. 74 of 2020 dated December 15, 2020 on Indonesia Investment Authority

Authorized Capital

State Equity Participation in INA to fulfill the total capital requirement of Rp75 trillion stipulated in Government Regulation No. 74.

Total Employees

59 employees

Address

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Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190
Telp.+62-21-39709090
Email: investor.relation@ina.go.id



EVENT HIGHLIGHTS 2023



23 February 2023, Jakarta

INA and Silk Road Fund (SRF) Announce the Closing of the Investment in PT Kimia Farma Tbk and PT Kimia Farma Apotek.

INA and Silk Road Fund (SRF) announced the closing of the investment in PT Kimia Farma Tbk (KAEF) and PT Kimia Farma Apotek (KFA) as their first investment in Indonesia's healthcare industry. This investment closing is a testament of INA and SRF's conviction in Kimia Farma Group as the leading, fully integrated healthcare service provider in Indonesia.

Jakarta, 24 February 2023

INA announces the First Investment in Energy through Participation in PT Pertamina Geothermal Energy's IPO

To support the Government's objective, INA included Green Energy & Transformation as one of the 4 (four) focused sectors along with the Healthcare, Infrastructure & Logistics, and Digital sectors to attract and deploy significant amounts of investments in the medium to longer term. Notably, INA's investment in PT Pertamina Geothermal Energy's (PGE) IPO underscores our strong intention to actively participate in the development of the green sector.

Jakarta, 15 March 2023

INA and U.S. International Development Finance Corporation Execute Memorandum of Understanding to Catalyze Investments in Indonesia.

INA and U.S. International Development Finance Corporation (DFC) have taken a significant step towards promoting economic development in Indonesia by signing a Memorandum of Understanding (MoU). As part of the MoU, DFC and INA will collaborate to identify investment opportunities throughout Indonesia that align with their respective investment mandates, demonstrating a strong potential for strategic and developmental impact.

Jakarta, 13 April 2023

Chandra Asri and INA Sign Memorandum of Understanding to Pursue the Joint Development of a World-Scale Chlor-Alkali Plant in Indonesia.

INA, with other potential international investors, will explore taking an equity stake in PT Chandra Asri Alkali (CAA), a wholly-owned subsidiary of Chandra Asri that has been established as a special purpose vehicle to invest in the development of the world-scale chlor-alkali plant. Once operational, the plant will produce more than 400,000 metric tons per annum of caustic soda (also known as sodium hydroxide), and 500,000 metric tons per annum of ethylene dichloride (EDC).

Jakarta, 17 April 2023

INA Announces Partnership with Indonesian Chamber of Commerce and Industry to Boost Investment Ecosystem.
In a move to further bolster Indonesia's investment landscape, INA enters into a strategic collaboration with the Indonesian Chamber of Commerce and Industry (KADIN) by signing a Memorandum of Understanding (MoU). This synergistic partnership aims to amplify each party's role in Indonesia's investment ecosystem while exploring a myriad of potential investment opportunities to fuel the development of projects throughout the country.

Jakarta, 29 May 2023

INA, ESR, and Mitsubishi Corporation Join Forces to Unlock the Potential of Indonesia's Modern Warehouse Investment Opportunities.
INA, ESR Group, and MC Urban Development Indonesia (MCUDI), a 100% subsidiary of Mitsubishi Corporation engaged in real estate development, last week announced a strategic partnership, formalized by the signing of transaction documents. This marks the first milestone towards a broader long-term collaboration aimed at unlocking the vast potential of investing in the development of modern warehouse facilities in Indonesia. The venture is investing in 3 (three) strategically located modern logistics parks, developed, and managed by ESR and the partners are exploring committing to additional joint investments in the sector.

Jakarta, 23 June 2023

Pelindo and INA-DPWorld Consortium Reach an Important Milestone in Transforming Belawan New Container Terminal to be a Maritime Gateway.
PT Pelabuhan Indonesia (Persero) (Pelindo), through its subsidiaries PT Prima Terminal Petikemas (Prima TPK) and a consortium established by INA together with DP World FZE (DP World) namely PT INA DPWorld Investment (INA DPWorld), were pleased to announce the signing of a Shareholders Agreement (SHA) in relation to a partnership opportunity in Belawan New Container Terminal (BNCT), to strengthen Indonesia's seaport infrastructure. The agreement is a continuation of the previous agreement signed by both entities (Master Agreement) in August 2022, which aimed to manage BNCT.

Jakarta, 5 July 2023

INA and Hutama Karya Complete Investment Transaction of Indonesia's Trans Sumatera Toll Road sections, Accelerating Sumatera's Growth.
INA through its wholly-owned subsidiaries, PT Swarna Investasi Indonesia (Swarna) dan PT Abhinaya Investasi Indonesia (Abhinaya) today announced the completion of transactions for 2 (two) sections of the Trans Sumatera Toll Road in partnership with PT Hutama Karya (Persero) (HK), namely Medan – Binjai (MB) and Bakauheni – Terbanggi Besar (BTB). The collaboration marks a significant advancement in Indonesia's infrastructure development, promoting sustainable economic growth and enhanced connectivity.

Jakarta, 18 July 2023

INA and British International Investment (BII) Announce Landmark Partnership to Foster Green Investments in Indonesia.
In a significant step toward enhancing bilateral investment ties between Indonesia and the United Kingdom, INA and British International Investment (BII), the UK's development finance institution (DFI) and impact investor, today announced a strategic partnership aimed at fostering sustainable economic development and cooperation. The partnership, which has been formalized through the execution of an Investment Framework Agreement ("IFA") between the two entities, will focus specifically within the spheres of green infrastructure, renewable energy, climate resilience and adaptation and related sectors.

Jakarta, 9 August 2023

INA and Pollination Partner to Unlock the Potential of Nature-Based Solutions in Indonesia.
Echoing the global commitment to support climate change mitigation efforts, INA and Pollination, a global climate change investment, advisory, and solutions firm, signed a Memorandum of Understanding (MoU). This collaboration symbolizes a significant stride towards harnessing the power of nature-based solutions (NBS) – strategies that employ our ecosystems' inherent capacity to absorb carbon emissions, bolster biodiversity, and nurture socio-economic growth. Uniquely positioned, Indonesia holds the world's second-largest low-cost NBS potential, accounting for 75% of SEA carbon stocks.1

Jakarta, 1 September 2023

INA and GDS Collaborate to Co-invest in a Data Center Platform, Enriching Indonesia's Digital Infrastructure Landscape.
INA and GDS, a leading developer and operator of high-performance data centers in Asia with a diverse international investor base, announced their partnership to develop and expand the data center landscape in Indonesia. The two entities recognize Indonesia's potential as an emerging data center market and share a common vision regarding the pivotal role that data centers play as a cornerstone in Indonesia's digital transformation.

Jakarta, 5 September 2023

Investing in the Future: INA Joins Forces with CEXIM to Boost Economic Collaboration.
INA and The Export-Import Bank of China (CEXIM) today announced a defining Cooperation Framework Agreement that aims to intensify economic collaboration and investment cooperation between the two parties in infrastructure, energy resources with an emphasis on renewables, and information and communications in Indonesia. The purpose of this agreement is multifaceted – it signifies the Parties' vision to foster a more integrated collaboration through a multitude of avenues. Potential joint investments will focus on projects situated directly within Indonesia, or in funds specifically targeting such projects. Both entities are also keenly exploring opportunities for financing the strategic projects within Indonesian territory.

Jakarta, 11 October 2023

INA and SK Plasma Lay Groundwork for Indonesia's First Plasma Fractionation Facility.
INA announces a strategic partnership with SK Plasma, a renowned South Korean biopharmaceutical firm. This partnership marks a pivotal step towards building Indonesia's first-ever plasma fractionation facility, aiming to bolster the nation's healthcare capabilities and self-sufficiency.

Beijing, 18 October 2023

INA and GDS Officially Enter into a Strategic Joint Venture to Propel Indonesia's Digital Infrastructure Development.
INA and GDS, a preeminent developer and operator of high-performance data centers in Asia, marked a significant milestone in the development of Indonesia's digital infrastructure by officially forming a joint venture, witnessed by the President of Indonesia, Mr. Joko Widodo. This pivotal event took place on 16 October 2023, on the eve of the 3rd summit on international cooperation under the Belt and Road Initiative, at the China – Indonesia Business Forum.

Jakarta, 9 November 2023

INA and DBJ Join Forces to Explore Indonesia-Focused Hybrid Capital Solutions Investment Opportunities.
INA and Development Bank of Japan Inc. (DBJ) have announced a landmark collaboration to catalyze growth in Indonesia's financial landscape by leveraging hybrid capital solutions investments. This strategic partnership is positioned to make significant contributions through a dynamic and flexible approach, covering capital solutions and growth financing within the region.

4 December 2023

New Agreement Aims to Retire Indonesia 660-Mw Coal Plant Almost Seven Years Early Dubai, United Arab Emirates
A non-binding framework agreement signed at COP28 today by ADB, Indonesian state-owned power utility company PT PLN, independent power producer PT Cirebon Electric Power (CEP), and the Indonesia Investment Authority (INA) stated that they have conditionally agreed to shorten the power purchase agreement for Cirebon-1 and end the plant's obligation to provide electricity in December 2035 instead of the original July 2042. The transaction is to be finalized in the first half of 2024. INA's mandate is to contribute to Indonesia's sustainable economic development and build wealth for the country's future generations. INA commits to enhancing its partners' efforts for scaling up ETM activities. This journey towards reducing carbon emissions is key to INA's transition to renewable energy, crucial for Indonesia's resilience and prosperity.

Jakarta, 21 December 2023

Swire Pacific and INA Announce Strategic Partnership to Enhance Indonesia's Healthcare Sector The initiative marks Swire Pacific's first healthcare venture in Southeast Asia and INA's first collaboration in the hospital sector in Indonesia
Swire Pacific Limited (Swire Pacific) and INA announced a strategic partnership with the state-owned Indonesia Healthcare Corporation (IHC). This collaboration underscores a commitment from both Swire Pacific and INA to support the enhancement of IHC's healthcare services and operations in Indonesia. In line with INA's strategic focus on healthcare, INA's collaboration with Swire Pacific and IHC, one of the largest healthcare service providers in Indonesia, aims to address the challenges of Indonesia's under-penetrated healthcare infrastructure and talent scarcity. Together, INA commits to provide quality healthcare services to the market. This cooperative effort aligns with INA's direction towards diversifying its healthcare portfolio. It underscores our goal of enhancing healthcare infrastructure, elevating the quality and accessibility of hospital services across the nation, and ultimately aims to contribute to the improvement of healthcare quality throughout Indonesia.

DISCLAIMER



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