

BUILDING THE FOUNDATION



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ANNUAL REPORT **2021**



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BUILDING THE FOUNDATION



The year 2021 marked the inaugural year of Lembaga Pengelola Investasi (LPI) or Indonesia Investment Authority (INA) as a Sovereign Wealth Fund, established by the Government of the Republic of Indonesia. This report captures the initial journey of INA in Building the Foundation as a platform for its investment activities, designed to accelerate the development of Indonesia and to improve the welfare of the people. The strengths empowered to INA, such as in-depth knowledge and expertise in navigating investment opportunities in Indonesia, leaders with impeccable track records, a superior legal framework and Environmental, Social, and Governance insights that were integrated into INA since its inception, are important capital for building the relevant foundation.

One year since its establishment, INA has carried out a series of measures in building its foundation, including fulfilling capital amounted to Rp75 trillion, setting up an effective organization, recruiting professional talents, and adopting global practices in governance and risk management, as well as building a productive operational infrastructure.

In the midst of building a strong foundation, INA has successfully secured several agreements with investors and has realized its maiden investment. With its vision, mission and values, INA stands ready to carry out

its mandate to consistently support Indonesia's sustainable economic development and to build wealth for the country's future generation.

"Indonesia's immense potential can be realized once we open our hearts and minds to the knowledge that lies within our borders and beyond. As long as we begin with a deep sense of humility - accepting that we are our best when we respect and learn from one another, that there is value in both our successes and our failures, and commit to always doing things right and doing the right things - we can overcome any challenge we are faced with."

Dr. Ridha D. M. Wirakusumah
Chief Executive Officer

WELCOME NOTE FROM THE CHAIRMAN OF THE SUPERVISORY BOARD



Sri Mulyani Indrawati
Chairman of the Supervisory Board

Dear Esteemed Stakeholders,

First and foremost, allow me to personally invite you to join us in offering our praises and gratitude to God Almighty. With God's grace and blessing amidst the turbulent global economy and the Covid-19 pandemic, Indonesia succeeded in demonstrating its resilience and maintaining its growth momentum throughout the year. In the same year, Indonesia Investment Authority (INA), the first and only sovereign wealth fund (SWF) of the Republic of Indonesia, commenced its operations following an intensive preparation and formation of the regulatory framework.

As a newly established institution in its first year of operation, INA was focused on constructing the organizational framework, as reflected in the theme of our 2021 Annual Report, "Building

The Foundation." This theme illustrates the commitment and aim of the newly appointed Supervisory Board and Board of Directors to lay down a solid foundation for INA's operations. On behalf of the Supervisory Board, please allow me to convey our message on INA's inaugural Annual Report for the fiscal year 2021.

INDONESIA'S ECONOMIC & INVESTMENT OVERVIEW AND BUSINESS OUTLOOK

The year 2021 was a period of recovery from the Covid-19 pandemic for Indonesia and for most other countries. At the same time, the global dynamics, such as the tapering policy and rising interest rates in the United States and Europe, contributed to the volatility in the financial markets across all regions,

including Indonesia. Increased energy prices from supply disruptions and geopolitical tensions also affected market sentiment, as well as the supply and demand balance.

However, The Economist's Vulnerability Index, which measures the vulnerability level of countries around the globe based on 5 key macroeconomic indicators, shows that Indonesia remains resilient despite the Fed's tapering policy. Overall, Indonesia's position in the index outperformed several other countries that scored higher in vulnerability. Prudent management of external debt, foreign currency reserve, and balance of payments remains key for Indonesia to maintain this resilience.

Despite the challenging global economic conditions, Indonesia recovered strongly and delivered a robust economic growth in 2021. The Central Statistics Agency reported that the Indonesian economy grew by 3.69% year-on-year. Indonesian domestic and foreign investments also recorded improvements compared to the previous year.

Domestic Investment (PMDN) realization stood at Rp447.06 trillion in 2021, representing an 8.23% increase over 2020. Meanwhile, Foreign Investment (PMA) realization reached Rp454.00 trillion in 2021, an increase of 9.98% from 2020. These increases exemplify the return of investor confidence to invest in Indonesia. This momentum must be maintained to attract more investments into Indonesia.

The ongoing economic recovery in Indonesia is a valuable momentum to be optimized. The International Monetary Fund (IMF) projects global economic growth at 4.90% in 2022. Indonesia's economic growth is expected to surpass that in a range of 5.20% (World Bank, OECD, Bloomberg) to 5.40% (IMF), supported by a responsive state budget, an accommodative monetary policy, and increases in commodity prices, public consumption, and private sector investment.

The Indonesian economic recovery is on the right track. Nonetheless, there are threats and risks to this economic recovery momentum that must be anticipated, such as new variants of Covid-19, supply disruption, and long-term pressure from rising commodity prices.

STRATEGIC OBJECTIVES OF INA

INA was established based on Law No. 11 of 2020 on Job Creation (Law No. 11 of 2020). INA is a testament to the government's commitment and advances to promote job growth and drive investments that support the growth of the Indonesian economy. INA's role is to be an ambassador and to increase market confidence and attract investors from around the globe to invest in Indonesia.

Massive infrastructure developments in the past decade have relied on State-Owned Enterprises (SOE) and were predominantly done with short-term domestic funding, despite the long-term nature of these investments. This has led to a high-leverage position for most SOEs. On the other hand, high interest from global investors has been constrained by the limited range of investment instruments on offer, namely government bonds and other relatively short-term funding instruments.

Considering the opportunities available and the hurdles encountered by investors, INA aspires to realize Indonesia's potential by becoming a credible and professional investment partner for investors. This can be accomplished by positioning INA as a trusted investment partner and honest broker for investors, able to provide credible information and direct access to relevant stakeholders, especially asset owners.

INA has been specifically designed and equipped to achieve its objectives and mandate. A Government Regulation was used to establish INA and this is the highest law in the Indonesian legal hierarchy after the Constitution, providing legal certainty to investors.

INA is granted with a vast and full authority to conduct investment activities. INA has the full support of its proficient talents and management to manage its investment activities professionally and independently. The cultivation of INA's relationships with investors serves as the building block to attract long-term equity investments (non-debt) at scale, especially from global investors.

INA has adequate capital to invest. This capital adequacy position was indispensable during its inception stage as part of the building block for building INA's reputation and credibility with potential investors. The Government committed to provide capital to INA amounted

to Rp75 trillion as stipulated by Government Regulation No. 74 of 2020 on Indonesia Investment Authority. As part of the regulatory process, the Supervisory Board has applied to the President of the Republic of Indonesia for the fulfillment of INA's capital injection. The Government's capital injection into INA in the form of cash and in-kind shares of the Government in SOEs totaling Rp75 trillion was executed in 2021.

The Government's capital injection into INA was fully converted into INA assets. Thereafter, INA has been responsible for managing it according to the principles of good governance, accountability, and transparency. INA has the flexibility to use its capital to create added value for the national economy and to increase its investment value for future generations.

ROLE OF THE SUPERVISORY BOARD IN INA'S INCEPTION

As the first body established in INA, the Supervisory Board has performed a critical and strategic role: forming the Board of Directors, formulating the Supervisory Board Policies (PDP) as the living document for INA's governance framework, and creating the Supervisory Board committees to support its supervisory functions.

It is vital that INA's Board of Directors is composed of the best talents with exposure to and a wealth of experience in global investing. To achieve this, a rigorous multistage selection process, combining both open recruitment and a headhunter service, were undertaken to select members of the Board of Directors. The Supervisory Board took a further step by conducting market-sounding involving several anchor investors to gauge market receptiveness. Through these processes, the Supervisory Board elected five (5) members to represent INA's Board of Directors. Subsequently, the Supervisory Board established the organizational structure and delegated duties among the Board of Directors members.

The Government Regulation No. 74 of 2020 concerning Indonesia Investment Authority mandates the Supervisory Board to develop PDP as a basis of implementation of duties and authority of the Supervisory Board. PDP was the first strategic and primary document issued by the Supervisory Board as a framework to oversee the operational management of INA by the Board of Directors. PDP translates the law and regulations into greater detail as a guide for the Board of Directors to develop internal regulations and procedures.

PDP was composed in a credible and comprehensive manner by weighing all laws and regulations as well as best practices that are relevant to INA. When constructing the PDP, the Supervisory Board consulted with an independent consulting firm, namely PricewaterhouseCoopers (PwC) Indonesia to obtain inputs and recommendations according to the Indonesian legal perspective and benchmarking of relevant best practices that apply globally at the moment of PDP was issued. Following our consultations, PwC is of the view that the PDP*):

1. Do not violate or conflict with Indonesian laws and regulations;
2. Incorporate common best-practice provisions which generally apply under Indonesian laws and regulation applicable to INA, publicly listed companies, banks, financial institutions, and bodies which generally enter into financial transactions and investments; and
3. Generally reflects the Santiago Principles on all substantial matters.

PERFORMANCE OF THE BOARD OF DIRECTORS

INA's first year was full of external challenges to prepare INA as an institution. We have evaluated that the Board of Directors has succeeded in demonstrating a satisfactory performance, both in terms of operational execution and investment

exploration. This is also reflected in the achievement of the performance targets of the Board of Directors that are stipulated through the Management Contract between the Supervisory Board and the Board of Directors. The performance targets for the first year remain focused on INA's strategic objectives, which include investment aspects, followed by financial aspects and organizational governance, as well as learning and growth.

Following the members' appointment on February 15, 2021 until the end of 2021, the Board of Directors have completed the set up of policies and the organizational infrastructure required to manage INA.

As required under the Government Regulation No. 74 of 2020, the Board of Directors have completed the drafting of all required internal policies, with 12 Board of Directors Policies (PDD), consisting of 36 procedures. The PDD was created in consultation with the Supervisory Board.

As part of INA's operational foundation, INA's vision, mission, values, and logo were established in 2021, together with the Strategic Plan and the Annual Work Plan and Budget (RKAT). By the end of 2021, the Board of Directors have recruited 26 top talents as part of INA strategy to build a strong and sustainable organization.

On investment related matters, the Board of Directors conducted expansive and intensive exploration of domestic and international partners, garnering commitments of Rp317.50 trillion. INA has successfully completed its maiden investment in 2021 by investing in the largest telecommunication tower company in Indonesia where INA as anchor investor, actively brought in global investors.

We fully understand that INA's priority in its first year was to lay the groundwork for the organization, including by establishing INA's reputation and credibility with investors. We continue to closely monitor each investment's progress and challenges, and provide the necessary guidance and support. INA's second year will be the year of closing deals, where INA will progress on its negotiation for investments in strategic assets domestically, and will focus on investment realization. Several strategies have been prepared for the effectiveness and realization of investments in 2022, among others through: (1) the articulation and implementation of INA's dual mandate in a more balanced and parallel manner; (2) a more comprehensive and solid mapping of investment plans (pipelines) with measurable returns according to investment objectives; (3) an enhanced coordination and synergy, specifically with key stakeholders; and (4) the

preparation of a corrective action plan armed with the evaluation results of the obstacles and challenges during 2021.

We are confident that INA's 2021 investment exploration, together with INA's readiness and strong Government support, will drive the investment performance in 2022. Several key stages of investment are also expected to keep accelerating since the beginning of the year, particularly the progress of investment into the toll road sector.

Overall, the Supervisory Board is of the view that the Board of Directors has delivered its utmost performance in optimizing INA's investment performance, while concurrently setting up the organization throughout 2021. The Board of Directors has also undertaken maximum endeavors to build INA's reputation and credibility with stakeholders, allowing INA to garner potential investment and convert it into concrete investment. INA's organizational readiness, supported by its reputation and credibility, have successfully translated into INA's financial performance, which registered a net profit during its first year of operation.

OVERSIGHT ON INSTITUTIONAL GOVERNANCE PRACTICES

The Supervisory Board is fully committed to actively exercise its oversight to support the Board of Directors' operational and investment activities. At the same time, we ensure to maintain good governance practices. The oversight is in line with the Supervisory Board delegated authority as stipulated in the laws and regulations.

We conveyed our oversight and advisory function in Joint Meetings with the Board of Directors, which were held eight (8) times throughout 2021. The purpose of the Joint Meetings was to obtain clarifications and to provide input to the Board of Directors in relation to INA's operational and investment activities.

The Supervisory Board has also conveyed its inputs and recommendation to the Board of Directors through its resolutions and circulars. As part of our duties and in response to the Board of Directors consultation request, the Supervisory Board provides comprehensive inputs to aid the Board of Directors in executing its duties. The matters discussed includes the development of internal policies and procedures, governance and organization, the Annual Work Plan and Budget (RKAT), the establishment of performance targets on Key Performance Indicators (KPIs) and INA's investments.

The Supervisory Board directs INA to always offer an utmost performance in carrying out its mandate and uphold the principles of good governance. Furthermore, the Supervisory Board consistently focuses on the importance of adequate risk mitigation in the form of anticipatory, responsive, and corrective measures. Moreover, a balanced approach on both the economics and effectiveness is required in INA's operations and investments.

The Supervisory Board sets the example of good governance practices. Among others, by the end of 2021 we developed PDP-02 as a refinement of PDP-01 to maintain consistency with the laws and regulations whilst supporting practicality and adherence to good governance. Additionally, the Supervisory Board has taken the initiative to produce Half-Year and Annual Performance reports of the Supervisory Board to demonstrate our commitment to transparency and accountability in exercising our duties.

The Effectiveness of Internal Control System

To achieve its goals and carry out effective activities while maintaining accountability, INA requires a strong and solid Internal Control System (ICS). ICS is aimed at ensuring the security of INA's assets, preventing any losses from misuse, increasing cost effectiveness and efficiency, and ensuring that all agency policies are complied with.

ICS is closely and continuously implemented by the Board of Directors and applies to all aspects and operational levels. ICS is implemented based on the procedures stipulated in the PDD as discussed in consultations with the Supervisory Board. The Supervisory Board consistently emphasizes the importance of INA as a start-up organization to develop a risk-awareness culture; hence, risk mitigation was incorporated as early as possible during the drafting of INA's operating standard and internal procedures.

ICS is implemented in stages and the results are reported to the Supervisory Board and Audit Committee. The Audit Committee monitors, evaluates, and provides feedback on the effectiveness of ICS implementation. Furthermore, to ensure the effective implementation of ICS, INA has established a Code of Ethics that applies to the Supervisory Board, the Board of Directors, and employees.

ICS's effectiveness has also been confirmed by an external auditor. Pursuant to the Independent Auditor's Report on the Audit of Compliance with Laws and Regulations and Internal Control (PSA No. 62) conducted by Purwantono, Sungkoro & Surja Public Accountant Firm (Ernst & Young/EY) as the external auditor, INA has complied in all material respects with the regulations, which had been agreed upon as assessment parameters.

Furthermore, there was no finding concerning internal control that was considered a material weakness.

The Supervisory Board, through the Audit Committee, actively evaluates and provides input on the effectiveness of ICS implementation. Based on our evaluation in 2021, the ICS system is adequate for INA's stage of development as an organization.

Effectiveness of Risk Management & Committees of the Supervisory Board

The Board of Directors developed risk management policies that include investment-related risks, as well as enterprise-wide risks that are associated with operational activities. The risk management framework was created as part of INA's efforts to foster a transparent and constructive risk culture.

The risk management framework considers environmental, social, and governance (ESG) aspects and translates INA's social and environmental responsibilities. Risk management policies are reviewed every two years to ensure that they keep abreast of changes in business conditions, regulations, and INA's internal conditions. The risk management policy was adopted following review by and input from the Supervisory Board.

Risk management is carried out in various ways. Among them is the development of a Risk Appetite Statements, which stipulates the tolerable level of risk that INA can deal with to meet investment mandates and expectations. There were ten risk types identified in the Risk Taxonomy based on INA's current conditions. Of the ten risks, the Risk Appetite Statements were stipulated to control five main risks. INA's Risk Appetite Statements are implemented through the framework of three lines of defense model.

The Supervisory Board always encourages the Board of Directors to integrate risk management in all INA activities. The Supervisory Board and the Audit Committee also reviews the risk mitigation plans prepared by the Board of Directors on a regular basis to ensure effective risk control.

To assist the Supervisory Board in its duties, the Supervisory Board's Committees were formed to explore and analyze information in greater depth. In 2021, the Supervisory Board established the Audit Committee, Ethics Committee, and the Remuneration and Human Resources Committee.

In general, the Supervisory Board's Committees were successful in realizing their work programs, which were outlined in their respective work plans for

2021. As per delegated authority, the Supervisory Committees provide recommendations to the Supervisory Board and the Board of Directors, which serves as part of the consideration in decision making by the Supervisory Board and Board of Directors.

As part of its duties, the Supervisory Board Committee closely coordinates and supports the Board of Directors' technical team and submits a report of their activities to the Supervisory Board every half-year.

APPRECIATION

We express our great appreciation to the Board of Directors and all INA employees for their dedication, hard work, and contributions throughout 2021. The Covid-19 pandemic and global economic conditions made 2021 a challenging year for all of us. Being a new institution, the challenges were even greater for INA. However, the Board of Directors and everyone in the institution were able to exhibit unity and resilience, laying a solid foundation for INA's future operations. The Board of Directors was even able to explore investment opportunities with global and domestic investors and realized its maiden investment, demonstrating INA's well-established reputation and credibility.

In recognition of these accomplishments, we would also like to convey our appreciation to all investors, asset owners, and other stakeholders for trusting and supporting INA. We believe that INA's collaboration with all partners can be enhanced

further in the future, in line with its organizational readiness and the acceleration of INA's performance. We are aware that there is ample room for improvements from 2021's results, and therefore, we are committed to always improve

ourselves and to continue innovating. We believe in INA and its ability to deliver even better results, while upholding prudence to drive investments and sustainable growth in the years to come.

Jakarta, May 20, 2022
On behalf of Supervisory Board

Sri Mulyani Indrawati
Chairman of the Supervisory Board

*) Pursuant to the Cover Letter No. 006/MND-GP/L/II.21 dated March 18, 2021 including the assumptions, qualifications, and disclaimers contained therein, and provided that regardless of the conducted consultation, the concerned member firm of PwC network in Indonesia does not offer guarantees or opinions in connection with the Supervisory Board Regulation (or its successors or the stipulations of its implementation) and is not responsible to any readers of this statement in connection with transactions or events governed by the Supervisory Board Regulation (or its successors or the stipulations of its implementation).



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



Dr. Ridha D. M. Wirakusumah
Chief Executive Officer

Dear Esteemed Stakeholders,

With God's grace, Indonesia today has its first Sovereign Wealth Fund (SWF) named Indonesia Investment Authority (INA), which has delivered satisfactory results in its debut year of operation.

The purpose of INA's establishment is to enhance and optimize the value of its investments with a long-term horizon to create wealth for future generations, and to foster sustainable development in Indonesia. To carry out these functions and objectives, INA has characteristics that allow it to be a flexible and professional partner to increase the value of investments, as well as a strategic partner for domestic and international investors.

Established in a year marked by various dynamics and challenges, the primary focus of the Board of Directors in 2021 was to build a solid foundation for INA, beginning with strong governance and organizational preparation, to enable INA to operate and fulfill its mandate.

In keeping with the spirit of achieving this goal, INA's 2021 Annual Report carries the theme "Building The Foundation". Please allow me to represent the Board of Directors in submitting the first INA management report for the year 2021, summarized in this Board of Directors Report.

GLOBAL AND NATIONAL ECONOMIC OVERVIEW

Countries around the world, including Indonesia, strived to recover from the effects of the Covid-19 pandemic in 2021 with measures that ranged from accelerating the vaccination roll-out to implementing a mix of various stimulus policies. However, the pace of global and national recovery was restrained by the emergence of new Covid-19 variants such as Delta, which had a high transmission rate in the third quarter of 2021, followed by the Omicron variant at the end of 2021, as well as by pressure from global supply chain disruptions that increased global inflation rates.

Nevertheless, the recovery in 2021 marked by economic growth that reached 6.10%, up from a previous contraction of 3.10% in 2020. The Indonesian economy was able to grow 3.69% in 2021, a rebound from the previous year's contraction of 2.07%. (Source: Central Statistics Agency)

Indonesia was one of the few countries in the world that successfully achieved economic recovery in 2021. An anticipatory and accommodative monetary policy, increased prices for export commodities such as nickel, palm oil and rubber, the boosting of Indonesia's balance of trade to 20 consecutive months of surplus, the support from public participation and the private sector were all factors that accelerated Indonesia's growth and recovery in 2021.

Indonesia's macroeconomic landscape was stable with a low inflation rate remaining in tandem with the recovery of demand. The USD/IDR exchange rate was also stable with a relatively low depreciation at 2.40%, compared to the 6.00% for peer countries, because of Indonesia's strong trade surplus.

On investments, according to data from the Ministry of Investment/Investment Coordinating Board (BKPM), the cumulative realization of investments in Indonesia

reached Rp901.02 trillion in 2021, a growth of 9.04% from the previous year. This achievement exceeded Indonesia's targets for Domestic Investment (PMDN) that stood at Rp447.06 trillion, an increase of 8.23% (year-on-year/yoy), and for Foreign Investment (PMA), which reached Rp454.00 trillion, a 9.98%yoy growth. This growth reflected confidence from both domestic and international investors in the available investment opportunities and Indonesia's continued recovery in 2021.

PERFORMANCE ANALYSIS

INA, which was founded based on Law No. 11 of 2020 on Job Creation, expects to capitalize on the available domestic investment opportunities to support sustainable long term national development, job creation, as well as to build wealth for future generations.

Throughout 2021, INA focused on laying down the operational and governance foundation that would enable INA to achieve its dual mandate. As an institution, INA requires a solid foundation to weather the changing business cycles, time, and political challenges it may face.

In the 221 days of operation since the appointment of the Board of Directors, INA has achieved several key milestones, including capital fulfillment, development of organizational

structure, preparation of international standard governance frameworks, recruitment of the best talents, exploring investment potential with investors on global and domestic scales, and formulating its overarching strategic framework.

This strategic framework began with the adoption of the six strategic objectives, which are to: 1) attract foreign and local investment funds for sustainable development; 2) bring global expertise to develop economic productivity and innovation; 3) accelerate and capitalize on the growth of national priority sectors; 4) produce socio-economic values for Indonesia along with financial benefits; 5) obtain optimal risk-adjusted returns; and 6) take measures to diversify investments to reduce risk.

Furthermore, INA establishes an investment focus area based on the level of active or passive engagement into the investment, financial gain, and investment objectives. INA also strives to harmonize the key success factors that support the successful implementation of this strategy, in both internal and external support, and strengthen the foundation of the strategy through the fulfilment of qualified talents and technologies.

One of the crucial aspects for early achievements on this journey was for INA to establish its reputation and credibility with investors. The Board of Directors closely monitors investor confidence in INA and will continue to work hard to maintain the trust of its investors with immediate realizations of INA's investments. While the investment negotiation process took place in parallel with the preparation of INA's operational foundations, the Board of Directors executed its duties and authorities in adherence to the principles of good governance and international best practices.

To solidify its operational foundation in 2021, INA identified five elements to focus on: 1) sources of funds and its management, 2) investments, 3) governance and risk management, 4) organizations, and 5) communications and investor relations.

On sourcing funds for capital adequacy, INA has received the full capital injection of Rp75 trillion from the Government of Indonesia, disbursed in cash and share transfers.

A total of Rp30 trillion in cash was received as a capital injection in two stages; the first in February 2021 in accordance with Government Regulation No. 73 of 2020 on INA's Initial Capital and the second in November 2021 in accordance with Government Regulation

No. 110 of 2021 on the Addition of Indonesian State Equity Participation in INA. Capital in the form of shares transfer of two state-owned enterprises amounting to Rp45 trillion was stipulated by Government Regulation No. 111 of 2021. This was fulfilled through the partial transfer of B-series shares owned by the Government of Indonesia in PT Bank Rakyat Indonesia (Persero) Tbk of Rp22.33 trillion and shares of PT Bank Mandiri (Persero) Tbk at Rp22.67 trillion.

The capital was fully transferred as INA assets and is managed based on the principles of good governance with clear accountability and transparency. With this arrangement, INA will have more flexibility to use this capital to add value to the national economy and to unlock its potential for future generations.

On investment, the Board of Directors has explored opportunities with potential domestic and international partners. As an institution with special authority (*sui generis*) in charge of managing government investments, INA serves as a strategic partner for international investors while also promoting long-term national development. In 2021, the Board of Directors successfully established INA's reputation as a credible and reputable partner for domestic and international investors.

Overall, INA has successfully finalized 11 investment cooperation with its investors, 4 Head of Agreements (HoA), and has issued 16 Letters of Intent (LOIs)/Non-Binding Offers (NBOs). INA was able to secure investment commitments of Rp317.50 trillion in 2021 from a variety of global investors. These achievements demonstrated how INA's reputation and credibility are well established and have been recognized on a global scale.

In its first year of operation, INA and its investment partners have completed one investment deal, investing in the IPO of Indonesia's largest telecommunications tower company, PT Dayamitra Telekomunikasi (MTel/Mitratel). The deal was worth USD770 million, more than half of the IPO proceeds of USD1,300 million, and represented a 3.5x multiplier from INA's own USD220 million participation.

In Mitratel's IPO, INA acted as the anchor investor, actively attracting international partners, namely GIC, ADIA, and ADG, all of which are among the biggest global investors in the telecommunications sector that can bring added value and can act as thought partners for the management.

INA's investment in Mitratel has a long-term horizon, benefiting Mitratel and its investors as it provides a stable investor base and facilitates optimal value creation.

In the maritime logistics sector, DP World emerged as the best potential partner for INA after a rigorous partnership selection, given its reputation as one of the largest and best port operators in the world and its readiness to execute an integrated expansion plan for Indonesia. In November 2021, INA signed a Strategic Alliance Agreement (SAA) with DP World in Dubai, signifying a DP World investment commitment of up to USD7.50 billion to invest in the maritime logistics sector.

In the toll road sector, INA has established a joint investment platform and formed a consortium together with Caisse de dépôt et placement du Québec (CDPQ), APG Asset Management (APG), and the Abu Dhabi Investment Authority (ADIA), with INA participation at 20%. The consortium has raised USD3.75 billion (the equivalent of Rp53.62 trillion with the current USD/IDR exchange rate of Rp14,300/USD1) to be invested based on the due-diligence process.

INA also signed an Investment Framework Agreement with the Abu Dhabi Growth Fund (ADG), which was established to support USD10 billion in UAE investment. This partnership will serve as the foundation for ADG and INA to collaborate on agile approaches in various forms of high-yield financial investments with optimum returns and prioritising sustainability principles.

In the airport sector, INA and PT Angkasa Pura II (Persero) has signed two Head of Agreements (HoA) on Strategic Partnerships for Airport Management and Development, and Strategic Partnerships for Cargo Village Management and Development. Based on the HoAs, INA will select the strategic partners for the airport and cargo projects. The best prospective strategic partners have issued letter of interest to participate in this process.

In the healthcare sector, INA is currently participating in several investment processes. Specifically in the pharmaceutical segment, INA and selected partners have the opportunity to invest in an integrated pharmaceutical company covering manufacturing and distribution that offers the largest network of clinics, labs, and pharmacies in Indonesia.

For hospital development projects, INA has reviewed the investment opportunity of one of the largest hospital networks in Indonesia. The low penetration rate for the healthcare sector and value-creation opportunities it presents with the right investment partner are the keys to achieving optimal returns in this segment.

In the renewables sector, INA is actively involved in the Energy Transition Mechanism (ETM) for Indonesia through ongoing discussions with various stakeholders, the Ministry of

Energy and Mineral Resources, PLN, asset owners, potential investors, and other related institutions.

INA also had in-depth discussions with one of Indonesia's largest waste-management practitioners. In the geothermal sector, INA has held discussions with more than ten potential strategic investors.

Financially, as of the end of 2021, INA reported total assets of Rp79.22 trillion, a growth of 5.63% from the initial capital received from the Government. INA recorded total liabilities of Rp167.46 billion and total equity of Rp79.06 trillion, a 5.41% growth of the INA's initial capital of Rp75 trillion.

In the 2021 financial year, INA booked a net profit of Rp231.25 billion on the back of Rp580.44 billion in revenue, mainly attributed by interest income of Rp466.38 billion (after final tax). Interest income came from the combination of a government bonds coupon since its October 2021 placement and interest income from current accounts and time deposits.

Moreover, INA's net profit was also bolstered by Rp112.58 billion in unrealized profit from changes in the fair value of investments in Mitratel's IPO. The strategic implementation of cost control to achieve efficiencies and effectiveness for the investment and operational costs (particularly employee, advisor, and technology expenses) contributed to INA achieving profitability in 2021.

BUSINESS OUTLOOK

Massive infrastructure development in Indonesia over the last decade has created enormous investment potential. These investment opportunities are also coupled with many potential assets owned by SOEs that are ready to be offered to investor partners through investment asset recycling and the SOE restructuring program.

Currently, SOEs are playing a major role in infrastructure development in Indonesia, predominantly through receiving domestic-project funding, implying that the leverage of SOE funding is relatively high. Global investors are keen to invest, but their participation has been constrained by the limited investment instrument options, which are currently concentrated in government debt instruments and other short-term funding sources. This is in spite of the fact that most investment potentials, particularly in the infrastructure sector, require long-term funding.

Given these developments, we are optimistic about INA's business prospects in 2022 and beyond. Indonesia's infrastructure sector, such as airports and seaports, as well as digital infrastructure and ecosystem that has grown rapidly in recent years, demonstrates the magnitude of the potential and prospects for investment in the country.

CORPORATE GOVERNANCE

INA has taken strategic measures in 2021 to build strong governance with a high level of professionalism and a solid foundation in carrying out its mandate, including the formulation of complete policies and procedures as well as international investment and operational standards.

As mandated by the Government Regulation No. 74 of 2020 on Indonesia Investment Authority, INA has drafted and adopted internal policies through the Supervisory Board Policies (PDP) and Board of Directors Policies (PDD). INA has one PDP consisting of 13 policies and 12 PDDs containing 36 policies.

The Supervisory Board has established a secretariat and several committees to assist it in carrying out its supervisory duties, namely the Audit Committee, Ethics Committee, and the Remuneration and Human Resources Committee. INA has also established an Investment Committee and a Risk Management Committee to support the Board of Directors' performance in investment and risk management. The rules and standard operating procedures pertaining to the Investment Committee and the Risk Management Committee are outlined in the Investment Committee Charter and the Risk Management Committee Charter, respectively.

As part of good governance, the Board of Directors releases Financial Statements and Management Reports to the Supervisory Board every quarter. The reports are reviewed by Audit Committee prior to release.

INA has drafted a Code of Ethics to maintain its reputation and to instill a culture of integrity. All levels of INA are committed to upholding the Code of Ethics, which is implemented, among others, through:

- The signing of an Integrity Pact;
- The establishment of a whistleblowing system (WBS);
- Regular share-ownership updates; and
- Regular negative-list updates.

INA has monitored the application of laws, regulations, and internal policies in the execution of duties of each work unit to ensure that INA's operations are always undertaken in accordance with applicable provisions.

INA provides a safe mechanism for whistleblowers to report possible violations and mitigates the possibility of financial and non-financial losses in order to implement a culture of integrity as one of the culture values that is upheld by INA, namely I-RISE (Integrity, Responsibility, Innovation, Symbiotic Collaboration, Excellence). In 2021, INA implemented a WBS called INA Integrity Line. This system manages the reporting and/or disclosure of alleged misconduct committed by members of the Supervisory

Board, Board of Directors, and/or employees meanwhile also maintains confidentiality and protection of whistleblowers. The INA Integrity Line is an incorporated feature on the INA website.

As part of its commitment to implement international governance standards, INA has been an associate member of the International Forum Sovereign Wealth Funds (IFSWF) since May 24, 2021 and is dedicated to promoting good governance and investment management practices according to the Santiago Principles of the Generally Accepted Principles and Practices (GAPP).

IFSWF is a worldwide organization consisting of 40 SFWs around the globe that aim at setting international governance standards through the implementation of the Santiago Principles.

To avoid conflicts of interest, especially insider's information, the Board of Directors and employees are prohibited from engaging in transactions with companies that are related to INA's investments, which is done by issuing a periodical negative list.

Risk Management & Committees of the Board of Directors

To anticipate global and domestic economic challenges, as well as increased risk exposure as INA grows, effective and systematic risk-based decision-making and capital allocation is essential to sustainably grow and achieve INA's performance. INA anticipates various inherent

risks in performing its businesses, be it risks that can be controlled internally or risks that are beyond INA's control.

INA Risk Management framework aims to identify, quantify, monitor, and control all risks that INA is exposed to. As an Indonesian investment management institution, INA ensures that the risks taken are consistent with the risk tolerance established by the Board of Directors. In 2021, INA actively developed a robust risk management framework that entails the three lines of defense model to guide its investment and other applies activities.

The Risk Management Committee assists in the implementation of risk management framework. This committee's active role is critical in assisting the Board of Directors in optimizing risk management and enforcing risk culture in INA, including by monitoring and identifying risks as described in the Risk Register.

The Risk Management Committee is responsible for supervising risk profile changes against approved risk appetite through updates on ongoing risks that INA is exposed to, such as investment related risks and enterprise-wide risks, new business development or regulations. The committee also provides guidance for INA's divisions to address issues and risks.

Based on risk mapping by the Board of Directors in 2021, INA has 5 (five) major risks to anticipate, namely investment risk, reputation risk, liquidity &

funding risk, valuation risk, and fraud & operational risk. The Board of Directors establishes risk appetites for the five major risks by taking into account INA's duties and purposes, INA's initial development phase, risk-weighted returns, and risk characteristics.

To support the Board of Directors' investment decision-making INA has also established the Investment Committee. The Investment Committee is responsible for reviewing investment activities and providing recommendations to the Board of Directors in relation to decision-making and the signing of documents related to such activities. The Investment Committee also reviews and provides recommendations on investment strategy, investment portfolio performance, and risk profiles of investments.

Focus on Environmental, Social, and Governance Aspects

In line with Government commitments and global practices, INA places a high priority on social responsibility in the implementation of INA operations and investments, as reflected in the regulation that mandated INA's establishment. The priority was demonstrated by the creation of a special division to manage the environmental, social, and governance dimensions (ESG) and the development of ESG policies and frameworks.

ESG policies and frameworks are integrated throughout INA's investment cycle with investors based on the agreed-upon shares of investment ownership and control, from screening and due-diligence stages to monitoring and reporting, to ensure adequate implementation. Furthermore, INA is actively seeking investment opportunities in thematic sectors that can drive carbon-emission reductions, the use of renewable energies, and the attainment of other sustainable development objectives.

APPRECIATION

On behalf of the Board of Directors, I would like to express our heartfelt appreciation to the Supervisory Board for providing us with guidance and advice in managing INA in 2021. We also convey our appreciation to all INA employees for their dedication and hard work, which have enabled INA to achieve several important milestones and to end 2021 on a positive note. The Board of Directors also wish to express our gratitude to all Government ministries and agencies, investment partners, asset owners, and other stakeholders for their trust and support.

We sincerely hope that the valuable lessons learned in INA's first year of operations, and the close rapport that the institution has managed to build with all stakeholders, will ensure INA's continued presence and significant contributions to the Indonesian economy. We can unlock Indonesia's enormous potential by opening our hearts and minds to knowledge, advice, and input, as well as by learning from others and ourselves. Let us always do things right and do the right things.

Jakarta, May 19, 2022
On behalf of Board of Directors

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



STATEMENTS OF ACCOUNTABILITY
FOR THE 2021 ANNUAL REPORT BY
THE SUPERVISORY BOARD
OF INDONESIA INVESTMENT AUTHORITY (INA)

We, the signatories, hereby state that all information contained in the 2021 Annual Report of Indonesia Investment Authority (INA) 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 20, 2022

SUPERVISORY BOARD



Sri Mulyani Indrawati
Chairman of Supervisory Board



Erick Thohir
Member of Supervisory Board



Darwin Cyril Noerhadi
Member of Supervisory Board Professional



Yozua Makes
Member of Supervisory Board Professional



Haryanto Sahari
Member of Supervisory Board Professional

STATEMENTS OF ACCOUNTABILITY
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BOARD OF DIRECTORS



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



Arief Budiman
Deputy Chief Executive Officer (Deputy CEO)



Stefanus Ade Hadiwidjaja
Chief Investment Officer



Marita Alisjahbana
Chief Risk Officer



Eddy Porwanto Poo
Chief Financial Officer

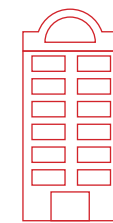
ABOUT INA

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 on Job Creation and regulations such as 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, and 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

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

Authority of INA

INA has comprehensive authority to carry out its mandate:



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.

Unique Characteristics of INA

As a sui generis institution, INA has unique features.

Highlights of INA's Unique Features



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



Run by a professional management team to ensure independence



Commercial focus aligned with economic development agenda



Flexibility and the ability to adopt international best practices in investment



Strong legal basis, 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 to Rp15 trillion as the initial capital injection through Government Regulation No. 73 of 2020, received on February 26, 2021.



A second injection of cash amounted to Rp15 trillion through Government Regulation No. 110 of 2021 dated October 29, 2021 was received by INA on November 12, 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 October 29, 2021. The capital injection in in-kind (inbreng) shares was received through an in-kind (inbreng) deed signed on December 23, 2021.



VISION

"INA aims to help attain Indonesia's sustainable development and to build wealth for the country's 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 we grow wealth for future generations
- Prioritizing key growth sectors and building capabilities to add value to investments



Collaborating with credibility

Collaborating with credibility to advance Indonesia's development, by:

- Funding growth aligned with best practices in global investment
- Building our reputation as a credible and world-class investment institution



Creating value

Creating added value through the application of global best practices, by:

- Unlocking and strengthening the long-term value of assets and resources
- Supporting local champions to grow into regional and global champions



Advancing Indonesia's competitiveness

Unleashing the economic potential of Indonesia in a sustainable way, leveraging Indonesia's advantages such as its young demography and rich resources.



Developing people

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 conduct, 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 performance 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 development.

MANAGEMENT OF INA

INA has a two-tier board structure consisting of a Supervisory Board and a 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:

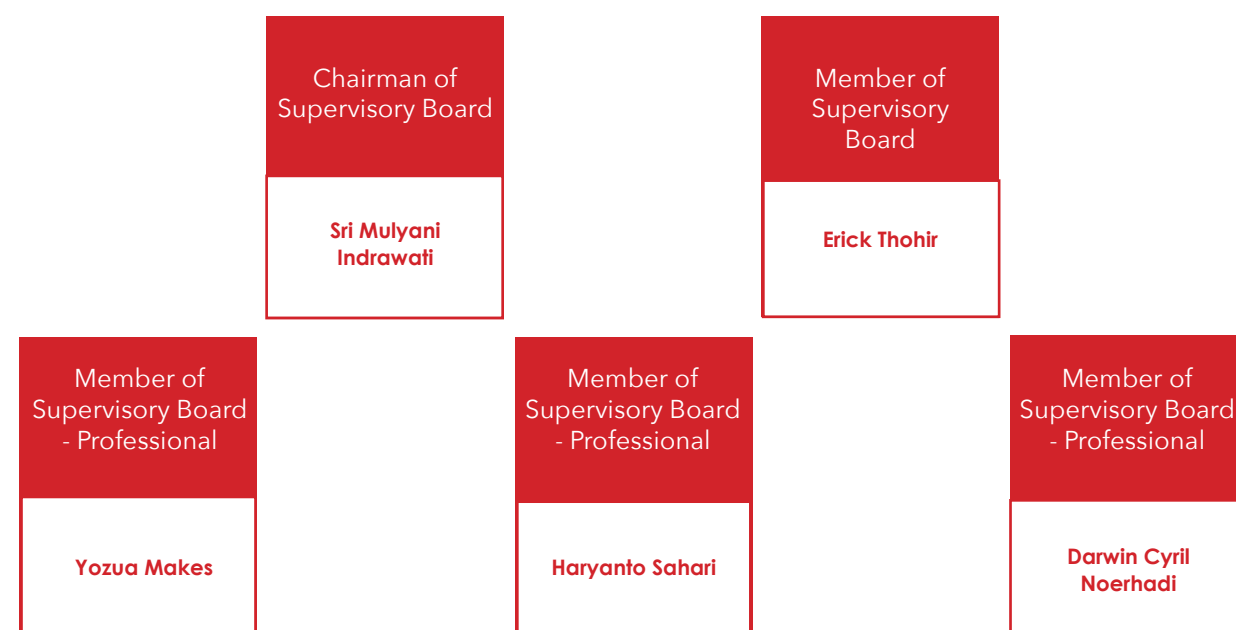
- Approve the annual work plans and budget with the Key Performance Indicators proposed by the Board of Directors;
- Evaluate the achievement of key performance indicators;
- Accept and evaluate the Board of Directors' accountability report;
- Submit the Supervisory Board's accountability report and the Board of Directors' accountability report to the President of Indonesia;
- Appoint and dismiss members of the Advisory Board;
- Appoint and dismiss members of the Board of Directors;
- Determine the remuneration for the Supervisory Board and the Board of Directors;
- Propose changes to INA's capital to the President of Indonesia;
- Approve INA's annual financial statements;
- Suspend members of the Board of Directors, and appoint acting members of the Board of Directors; and
- Approve the appointment of INA's auditor.

The Composition of Supervisory Board comprises:

- The Minister of Finance as the Chairwoman and member;
- The Minister of State-Owned Enterprise as member; and
- Three (3) 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 five (5) years (except for the first year of the establishment of INA) and can be reappointed only once for another consecutive term.

Supervisory Board Composition



PROFILES OF THE SUPERVISORY BOARD



Sri Mulyani Indrawati
Chairman of Supervisory Board

She currently serves as the Minister of Finance of Indonesia since 2016.

She is a specialist of monetary policy, economy and banking as well as labour economics research. She previously served as Executive Director of the International Monetary Fund (IMF), representing 12 countries in Southeast Asia (SEA Group) at the beginning of October 2002.

She earned her Bachelor's degree in Economics from University of Indonesia in 1986. She continued her studies at the University of Illinois Urbana Champaign, USA and earned her Master of Science of Policy Economics in 1990. In 1992, she obtained her PhD in Economics.



Erick Thohir
Member of Supervisory Board

He currently serves as Minister of State-Owned Enterprises since 2019.

Prior to serving as Minister of State-Owned Enterprises, he was a Director of ANTV (2014), President Commissioner of Mahaka Media, Chairman of the INASGOC Asian Games Management Body (2018), and Chairman of the Jokowi & Ma'ruf Amin Winning Team during the 2019 Presidential and Vice Presidential Election.

He earned his Bachelor of Arts degree from Glendale University in 1991 and completed his Master of Business Administration (MBA) degree from the National University of California in 1993.



Darwin Cyril Noerhadi

Member of Supervisory Board - Professional

He is one of the leading investors in Indonesia and the founder of financial firm 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 Institute of Technology Bandung, 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.



Yozua Makes

Member of Supervisory Board - Professional

He is the founder and Managing Partner of law firm Makes & Partners, with more than 30 years of experience in merger and acquisition transactions, corporate finance, foreign investment and various commercial transactions with other countries.

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. His most recent achievements include being featured in the first ever Who's Who Legal: South East Asia 2021 for its chapter on Capital Markets. He is also teaching 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 Boalt Hall School of Law, the University of California, Berkeley, and a Master of Management degree at the Asian Institute of Management, Philippines. He completed the Advanced Management Program at Harvard Business School.



Haryanto Sahari

Member of Supervisory Board - Professional

He is one of the most Senior Public Accountants in Indonesia with more than 30 years of experience and he currently serves as an Independent Commissioner of PT Bank Permata Tbk and is Chairman and concurrently Member of the Risk Management Committees and Audit Committees of several public companies.

He has served as Country Senior Partner of PricewaterhouseCoopers Indonesia for 10 years and led a number of audit initiatives in major Indonesian companies. He has also had experience in corporate restructuring since the Asian financial crisis. He has a strong reputation in the fields of governance and risk management nationally and internationally.

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

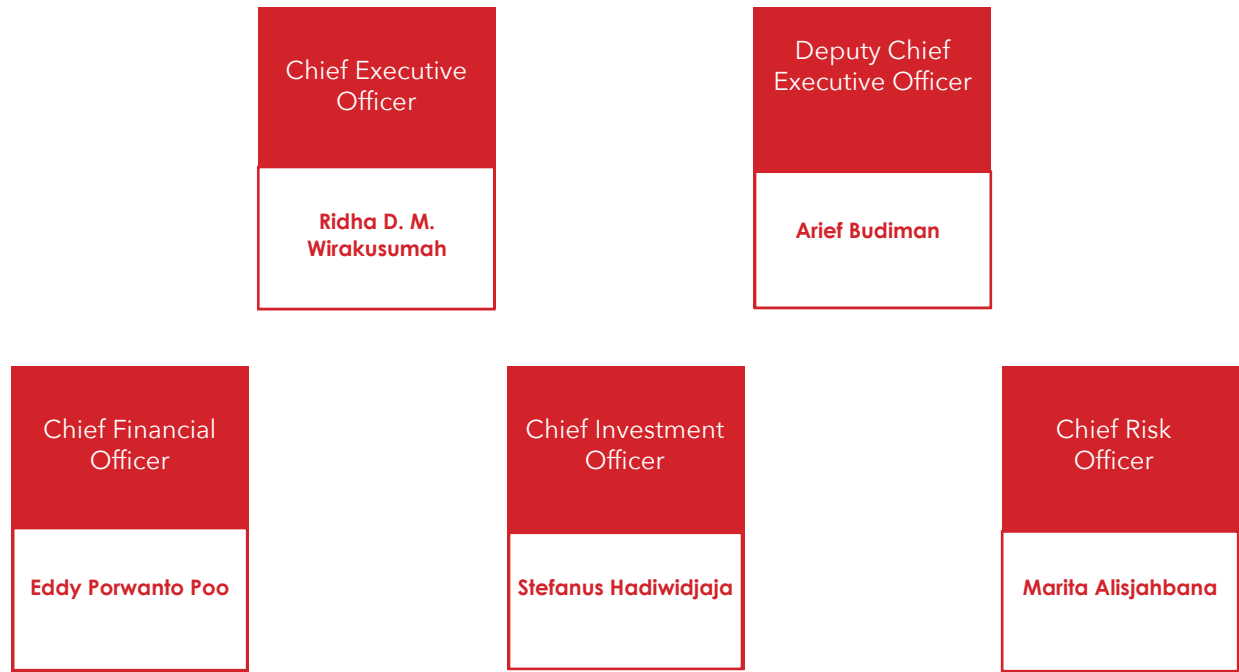
Board of Directors

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

- To formulate and define INA's policies;
- To implement policies and manage INA's operations;
- To prepare and propose remuneration for the Supervisory Board and the Board of Directors to the Supervisory Board;
- To prepare and propose annual work plans and budgets with key performance indicators to the Supervisory Board;
- 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
- To represent INA inside and outside of the courts.

The Board of Directors consists of five (5) 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 five (5) 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



PROFILES OF THE BOARD OF DIRECTORS



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 CEO/CIO

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 CEO 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 CFO 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 a senior global consultant with experience in North America, North Asia, and South and Southeast Asia. He was Partner of McKinsey & Co and the President Director of PT McKinsey Indonesia, and before that, 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
CIO

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 led and executed a wide range of investments in the healthcare, consumer, and financial service industries. He has a proven track record in turning around and improving the value of firms' investments, including acting as CEO and board member of investee companies.

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
CRO

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 Poo
CFO

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 Finance & Banking from the University of Illinois Urbana Champaign and a Bachelor in Accounting & Finance from Lewis & Clark College, USA.

OUR ACHIEVEMENTS

OUR ACHIEVEMENTS

INA's key achievements in 2021 toward building a strong foundational structure:



FUNDING

Capital fulfillment (Rp75 trillion) and optimized return while exercising measurable risk



GOVERNANCE

- INA formulated and endorsed the Supervisory Board Policies with 13 appendices as guidelines
- INA formulated and endorsed 12 Policies of the Board of Directors, which in total contain 36 stipulations
- Committees under the Supervisory Board were established, among others the Audit Committee, Ethics Committee, and Remuneration and Human Resource Committee. INA also formulated the charters for these committees.
- Committees under the Board of Directors were established, namely the Investment Committee and Risk Management Committee. INA also formulated the charters for these committees as well as investment flow and procedure as part of the strategy of building robust governance
- INA has been registered as associate member of the IFSWF as of May 24, 2021



INVESTMENT

- INA and its partners completed the first investment deployment in the largest telecommunication tower company in Indonesia, Mitratel
- INA finalized 11 investment cooperation with its investors, 4 Head of Agreements (HoA), and has issued 16 Letters of Intent (LOIs)/Non-Binding Offers (NBOs), including for several toll road assets
- INA and partners' total commitment reached more than Rp300 trillion

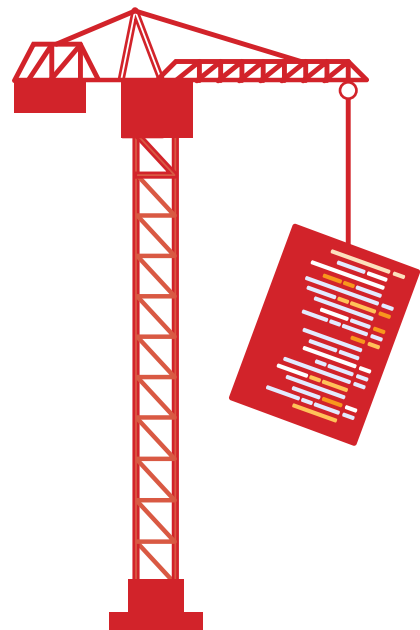


ORGANIZATION AND OPERATIONS

Effective and efficient organizational structure development of INA, and recruitment of 26 employees that are considered as having the best potential and talents to support INA as a strong, sustainable organization



COMMITMENT TO ADOPT BEST GLOBAL PRACTICES IN GOVERNANCE



INA is registered as an Associate Member of the International Forum of Sovereign Wealth Funds (IFSWF) and is committed to demonstrate the best governance and investment management practices.

- International Forum of Sovereign Wealth Funds (IFSWF) is a non-profit organization from Global Sovereign Wealth Fund which committed to promote best governance and investment management practices – known as Santiago Principles
- IFSWF has 41 member countries including top global SWFs
- INA has been an Associate Member since May 24, 2021

“We are delighted to welcome INA as an associate member of the IFSWF. One of the core objectives of IFSWF is to promote good governance and investment management practices by facilitating knowledge-sharing between IFSWF's full and associate members. By joining as an associate member, INA will benefit from the combined decades of our members' experience to help it flourish as a world-leading investment institution.”

Majed Al Romaithi
Chairman of the IFSWF

MANAGEMENT ANALYSIS

BUILDING LONG-TERM INVESTMENTS & DIVERSED PORTFOLIO

INA fulfills its dual mandates in parallel by upholding its key principles of investment strategies. INA's investments are focused on Indonesia's sectors, prioritized based on potential financial returns and sustainable national development purposes. INA's investments also seek value creation, particularly with active global and domestic investors. INA is poised to develop long-term investments.

INA has started to build its investment portfolio through its first deployment in the IPO of Indonesia's largest telecommunications tower company. INA also actively engages potential global and domestic investor partners, as well as asset owners.

MANAGEMENT ANALYSIS



Macro Overview

The global economy continued to demonstrate recovery in 2021, as indicated by a 6.1% economic growth. The recovery occurred alongside the ongoing Covid-19 pandemic and the emergence of its new variants. The pandemic has made multiple impacts, such as the disruption of global supply chains, thereby triggering high global inflation. The year 2021 saw acceleration of vaccination rates globally, which has aided in the containment of Covid-19, albeit with limited access to vaccines in some parts of the world.

Indonesia's overall economic condition also posted positive growth in 2021. However, the outbreak of a new Covid-19 variant (Delta) that spread faster in the mid-year hampered the national economic recovery efforts, as the growth rate fell from 7.07% (c-to-c) in the first

half of 2021 to 3.69% (c-to-c) at the end of 2021. Indonesia's positive economic growth resulted from the commitment and consistency of the Government and relevant authorities in carrying out the National Economic Recovery (PEN) program during the year, thereby keeping the fiscal and monetary policy mix and the real sector on the right track and other macroeconomic indicators on an adequate level.

Bank Indonesia (BI) was able to maintain the stability of its benchmark interest rate, BI 7-Day Reverse Repo Rate (BI7DRR), at a low level of 3.50% for most of 2021. As of the end of 2021, the Deposit Facility interest rate and the Lending Facility interest rate stood at 2.75% and 4.25%, respectively. BI's decision to maintain the BI7DRR level was in line with the need to maintain the stability of the exchange rate and the financial system amid

low inflation forecasts and efforts to support national economic growth.

In 2021, Indonesia's Balance of Payments (BOP) as a whole recorded a surplus of USD13.50 billion, an increase compared to the previous year's surplus of USD2.60 billion. Meanwhile, foreign exchange reserves increased to USD144.90 billion, equivalent to 7.8 months of imports and servicing the government's foreign debt, which was above the international adequacy standards.

The positive BOP was supported by surpluses in current account and the capital and financial account. The current account surplus in 2021 stood at USD3.30 billion (0.30% of Gross Domestic Product/GDP) after a deficit was posted in 2020. The surplus was mainly supported by rapid export performance in line with

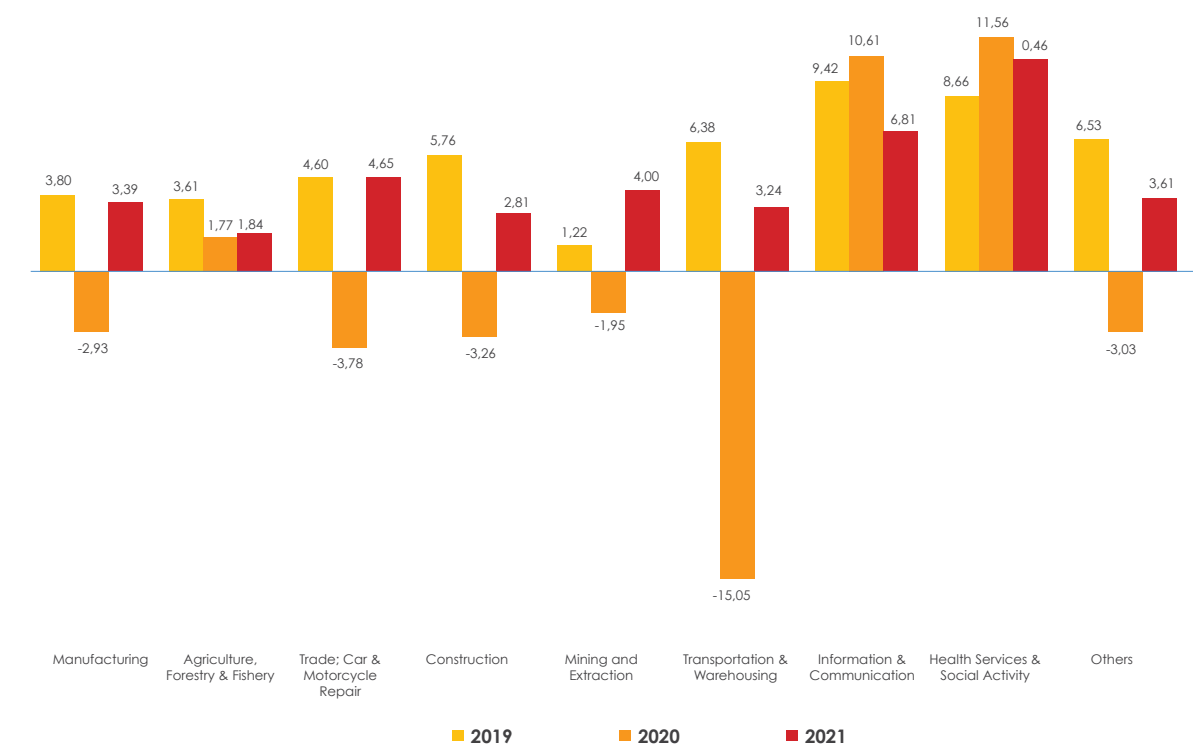
increasing demand from trading partner countries and high global commodity prices amid rising imports as the domestic economic recovery progressed. The capital and financial account recorded a surplus of USD11.70 billion in 2021, higher than the achievement in 2020, mainly supported by direct investment and portfolio investment.

In line with the sound BOP performance, the Rupiah exchange rate in the fourth quarter of 2021 strengthened by 0.80% on average and 0.42% point to point (ptp) compared to the rate at the end of the third quarter of 2021. It was mainly driven by foreign capital inflows in line with positive perceptions of the domestic economic outlook, attractive returns on domestic financial assets, and a maintained domestic foreign currency supply. With this development, the Rupiah depreciated by 1.42% ptp, and closed at Rp14,269 per USD1 at the end of 2021, which was better than the currency performance of other developing nations such as Malaysia, the Philippines, and Thailand.

Industry Overview

Indonesia's GDP growth in 2021 of 3.69% (c-to-c) was supported by almost all sectors. According to Statistics Indonesia (BPS) data, the Health Services and Social Activities sector posted the highest growth with 10.46%, followed by Information and Communication with 6.81%, and Electricity and Gas Procurement with 5.55%. The dominant Manufacturing sector recorded a 3.39% growth. Other fields such as Agriculture, Forestry, and Fishery, as well as Wholesale and Retail Trade, Car and Motorcycle Repair, grew by 1.84% and 4.65%, respectively.

GDP Growth by Sector (c-to-c) (%)



Source: Statistics Indonesia (BPS)

There were no significant changes in the structure of Indonesia's GDP by sector at current prices in 2021. The Indonesian economy remained dominated by the Manufacturing sector (19.25%), followed by Agriculture, Forestry, and Fishery (13.28%), Wholesale and Retail Trade, Car and Motorcycle Repair (12.97%), Construction (10.44%), and Mining and Extraction (8.98%). In total, the contribution of these five sectors to the Indonesian economy reached 64.92%.

In terms of investment in 2021, according to data from the Ministry of Investment (BKPM), the investment realization in Indonesia reached Rp901.02 trillion, a growth of 9.04% as compared to the previous year. This achievement exceeded

100.13% of 2021's adjusted target (as per the President's directives) of Rp900 trillion and 104.92% of the National Medium-Term Development Plan (RPJM)'s target of Rp858.80 trillion. These investments subsequently created as many as 1,207,893 new jobs.

The realization of investment that surpassed the targets was supported by both Domestic Investment (PMDN) and Foreign Investment (PMA), which grew 8.23% (yoy) and 9.98% (yoy), respectively, equivalent to Rp447.06 trillion and Rp454.00 trillion. This signified continuous growth in foreign and domestic investment in Indonesia and domestic investors' capacity to continue to grow.

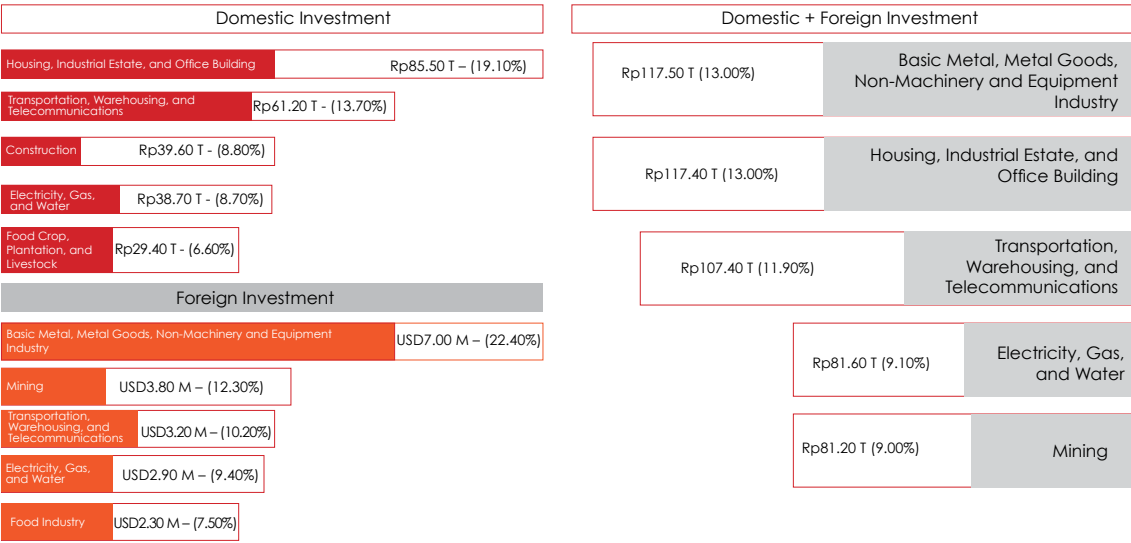
Investment Realization in Indonesia 2020-2021



In 2021, the investment realization outside of Java was higher than in Java region. Outside Java recorded an investment of Rp468.20 trillion, a growth of 12.14% (yoy), as compared to Rp432.80 trillion, a growth of 5.87% (yoy), for Java region.



Top 5 Realization January – December 2021
By Sector



STRATEGY AND OPERATIONAL REVIEW

INA's key strategic focus in 2021 was directed toward strengthening the basic foundations of INA's operations, divided into five elements:

- Sources of funds and its management,
- Investment,
- Governance and risk management,
- Organization, and
- Investor relations and communications.

A strong and solid foundation is needed to prepare INA to become an institution that successfully carries out its mandate and is able to withstand various challenges such as business cycles, time, and politics hence its existence can consistently support Indonesia's structural economic growth and prosperity of the future generations.

OUR STRATEGIES

The blueprint of INA's strategy was formulated to realize its clear mandate of contributing to the sustainable growth of the Indonesian economy and building wealth for future generations. To that end, INA has clearly defined six (6) strategic objectives, which are:

- Attracting foreign and local investments for sustainable development
- Bringing global expertise to boost economic productivity and innovation
- Accelerating and catalysing the growth of national priority sectors
- Delivering socio-economic values and financial benefits for Indonesia
- Obtaining optimal risk-adjusted returns
- Diversifying investments to reduce risk

In executing its strategy, INA distinguishes the level of participation in each investment into the following investment sub-strategy categories:

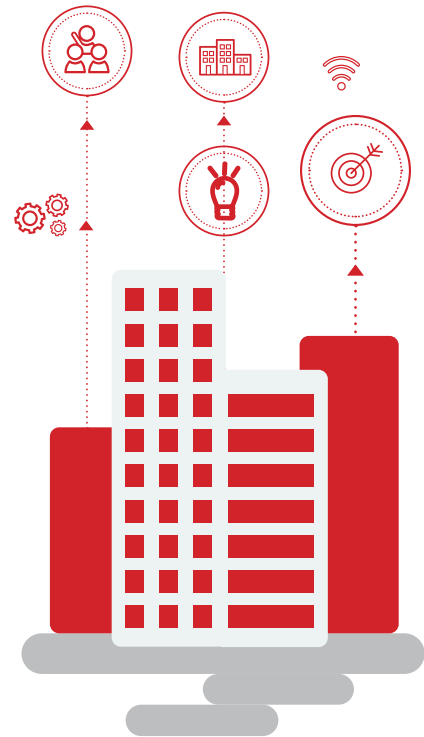
- Active Investment, which focuses on value creation with a suitable return target
- Passive Investment, which focuses on returns/diversification of liquidity risk/strategic objectives

INA also pays close attention to the key success factors, both internal and external, that can support the success of INA's strategy.

- Internal aspects
 - Clarity & focus on mandates and objectives
 - Active stakeholders & perception management
 - The right partnerships
 - Prioritizing governance & independence
 - Solid team and culture that support performance
- External aspects
 - Regulatory support from the government
 - Support from SOEs in terms of process and Service Level Agreement (SLA)

To continuously support the implementation of its strategy, INA consistently develops capabilities and improves the reliability of the enablers - organization and talents, business processes, technology, and fundraising.

STRATEGY AND OPERATIONAL REVIEW



FUNDING

INA's substantial role requires strong funding supports, both from its sourcing and management strategy.

A series of funding activities had commenced with the fulfillment of INA's capital injection at the end of 2021, in accordance to Government Regulation No. 74 year 2020. Moreover, INA also managed its funding through prudent management of its financial assets. This is reflected through yield optimization of INA's financial asset portfolio.

Highlights



The Fulfillment of INA's Capital worth Rp75 trillion has been achieved in 2021

Rp75
trillion



INA has managed financial assets with a focus on optimizing returns, preserving capital, and managing liquidity



INA has established a bilateral loan facility with a global bank as an alternative source of funding to support investment activities

2021 FUNDING STRATEGY

In carrying out its mandate and strategic objectives, INA optimized a total of USD5 billion (~Rp75 trillion) capital through the implementation of appropriate funding strategies from both operational and investment perspectives.

Funding strategies may be derived from internal and external sources.

INA's capital was the source of its internal funding, which was derived from the Government's equity participation. Some parts of capital that had not been invested into the real sector were placed in diversified financial asset instruments such as a current account, time deposits, bonds, and shares to optimize returns from interest, coupons, dividends, and a gain in the value of shares, which then became additional sources of funding for INA.

INA also obtained an alternative source of external funding from third parties, such as loan facilities, which served for bridging purposes to support INA's investment activities or its subholdings.

CAPITAL FULFILLMENT

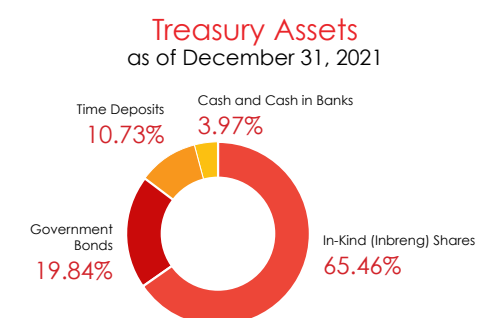
By the end of 2021, INA had received full amount of Government's equity participation worth Rp75 trillion, which was delivered in two mechanisms:

- Capital injection in cash that amounted to Rp30 trillion, which was delivered in two stages. The first stage of Rp15 trillion was received in February 2021 as the initial capital for INA, based on Government Regulation (PP) No. 73 of 2020 dated December 15, 2020 regarding the Initial Capital of the Indonesia Investment Authority. The second stage of Rp15 trillion was received in November 2021, based on PP No. 110 of 2021 dated October 29, 2021 concerning the Additional State Equity Participation (PMN) for INA's Capital.

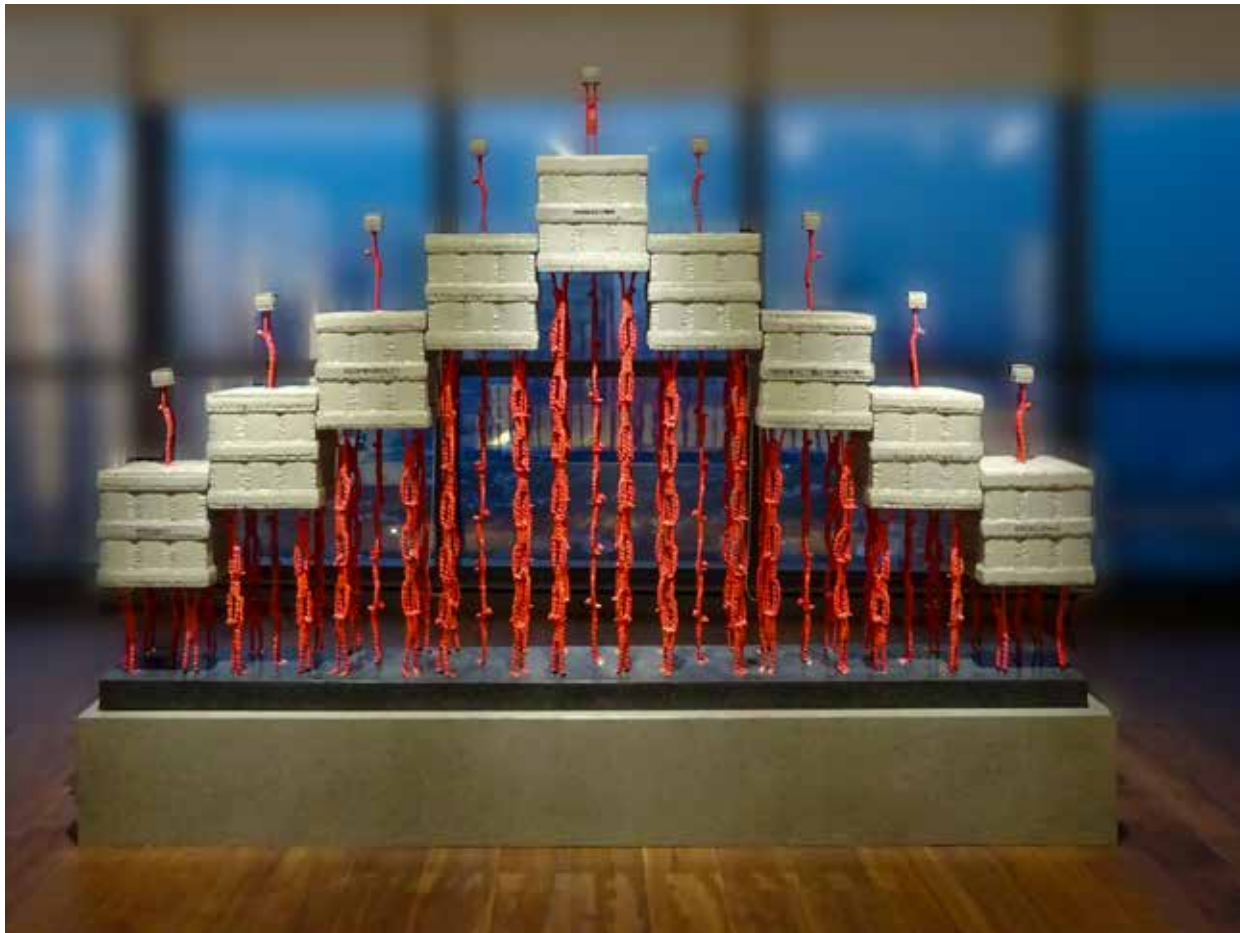
- Capital injection of in-kind (inbrengr) shares in December 2021 that amounted to a maximum of Rp45 trillion as stipulated in PP No. 111 of 2021 dated October 29, 2021 concerning the Additional State Equity Participation (PMN) for INA's Capital. The Government transferred a portion of B series shares owned by the Republic of Indonesia in PT Bank Rakyat Indonesia (Persero) Tbk that had a total share value of Rp22.33 trillion (value per share of Rp4,061), and in PT Bank Mandiri (Persero) Tbk that had a total share value of Rp22.67 trillion (value per share of Rp6,073).

TREASURY ASSETS MANAGEMENT

As of December 31, 2021, INA's financial asset portfolio was consisted of 65.46% in-kind (inbrengr) shares, 19.84% Government Bonds (SBN), 10.73% time deposits, and 3.97% cash and cash in banks.



INA's stock portfolio consists of inbrengr shares of PT Bank Rakyat Indonesia (Persero) Tbk and PT Bank Mandiri Indonesia (Persero) Tbk, as part of the Government's capital injection.



Highlights



11 Investment Cooperation with investors, 4 Head of Agreements (HoA), and 16 Letter of Interests (LoIs)/ Non-binding Offers (NBO), including for a number of toll road assets



Deployment of the first investment in the largest telecommunications tower company in Indonesia, Mitratel



INA has signed a Strategic Alliance Agreement (SAA) with DP World and successfully obtained investment commitment for the maritime sector of up to USD7.50 billion

USD7.50
billion



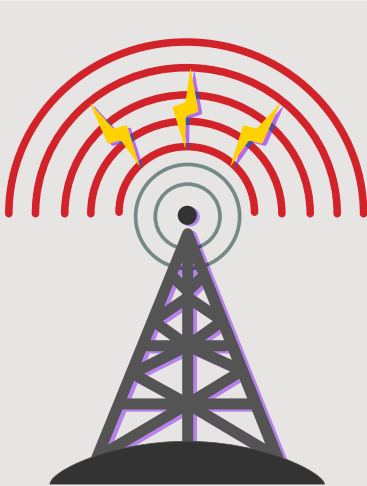
Investment Framework Agreement with Abu Dhabi Growth Fund (ADG) established to support the UEA's investments amounting to USD10 billion. This partnership serves as a foundation for ADG and INA to collaborate through various financial investments with optimum returns while prioritizing sustainability principles

USD10
billion



Indicative Offer with ADIA, CDPQ, APG on several toll roads with a commitment of up to USD3.75 billion

USD3.75
billion



INVESTMENTS

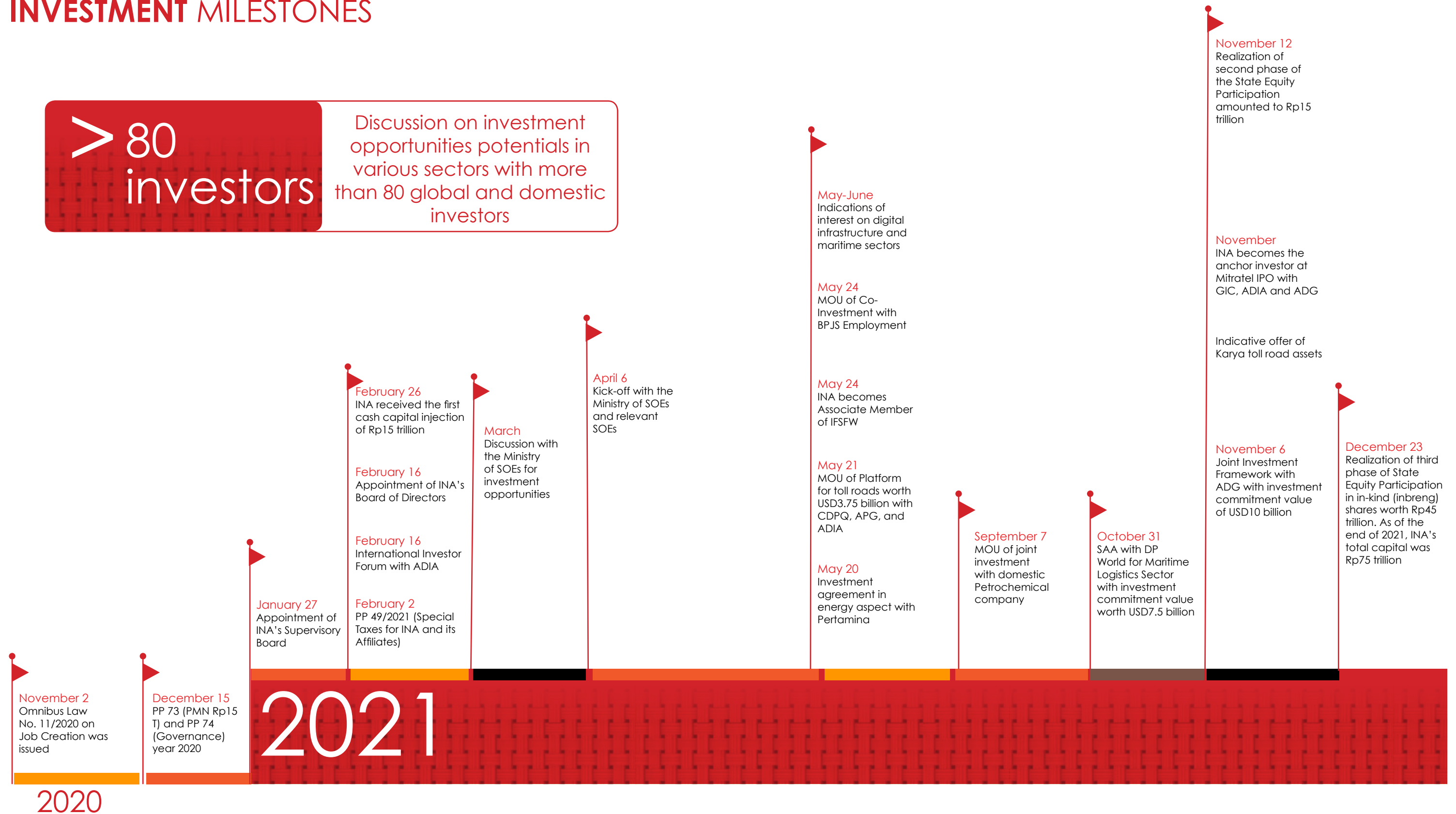
As investors' strategic partner, in its first year of operation INA actively started to participate in various investment projects jointly with several potential partners, and carried out its first investment deployment, the telecommunications tower company IPO project, Mitratel.



INVESTMENT MILESTONES

> 80
investors

Discussion on investment opportunities potentials in various sectors with more than 80 global and domestic investors



INVESTMENT STRATEGY

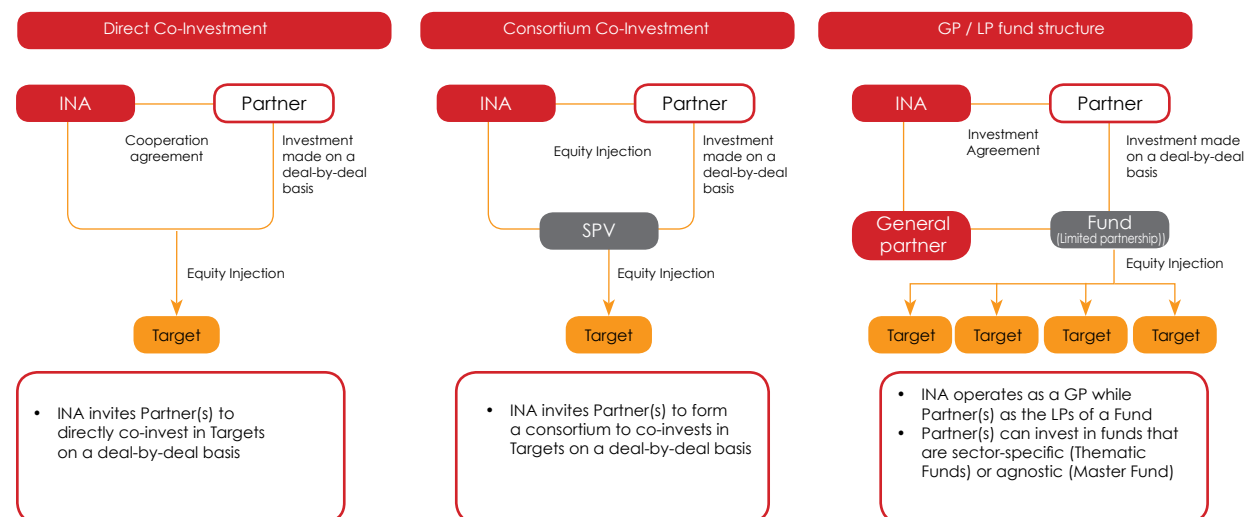
Key Investment Principles

INA adheres to the following key investment principles:

- Based on economic returns and sustainable national development.
- Value creation, especially with global/domestic players who are willing to take an active role in the investment.
- Adopt a long-term perspective to obtain a sustainable risk-adjusted return.
- Open to active and passive investment opportunities to balance returns and economic growth.
- Flexibility in regard to the rate of return (as long as it is above the minimum hurdle rate) particularly in investments that are in line with the national development.
- Utilize various investment methods (such as direct investment, fund manager, platform) to achieve INA's strategic goals.

INA Investment Scheme

Flexibility of investment schemes with INA



Investment Strategy

INA's investment strategy is divided into 2 sub-strategies based on the level of INA's role and participation in each investment:

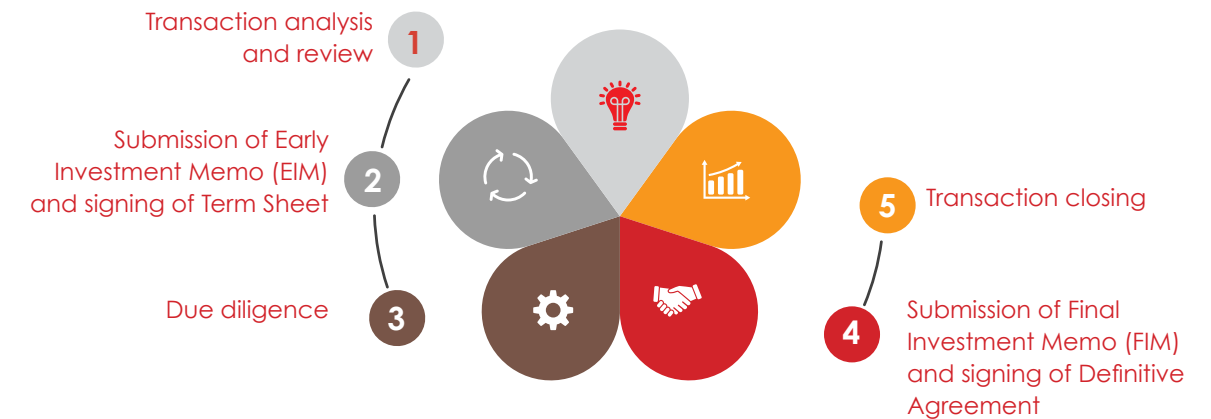
- Active role strategy with a focus on value creation. This strategy focuses on potential investments that can create added value (as part of sustainable

national development), while remain taking into account the minimum returns. The strategy also focuses on investments in which INA and co-investors can have a larger influence on the target company's operations.

- Passive role strategy with a focus on returns. This strategy focuses on investment opportunities that can generate attractive returns, liquid assets, diversify risk, and in some cases provide strategic objectives (for example, access to technology/other potential investments).

INVESTMENT PROCESS






INA implements a sustainable investment process through active and in-depth discussions by upholding the prudential principle. INA's Investment Team has developed a mechanism for an end-to-end investment process as a reference, which includes the following activities:



INVESTMENT PORTFOLIO MANAGEMENT

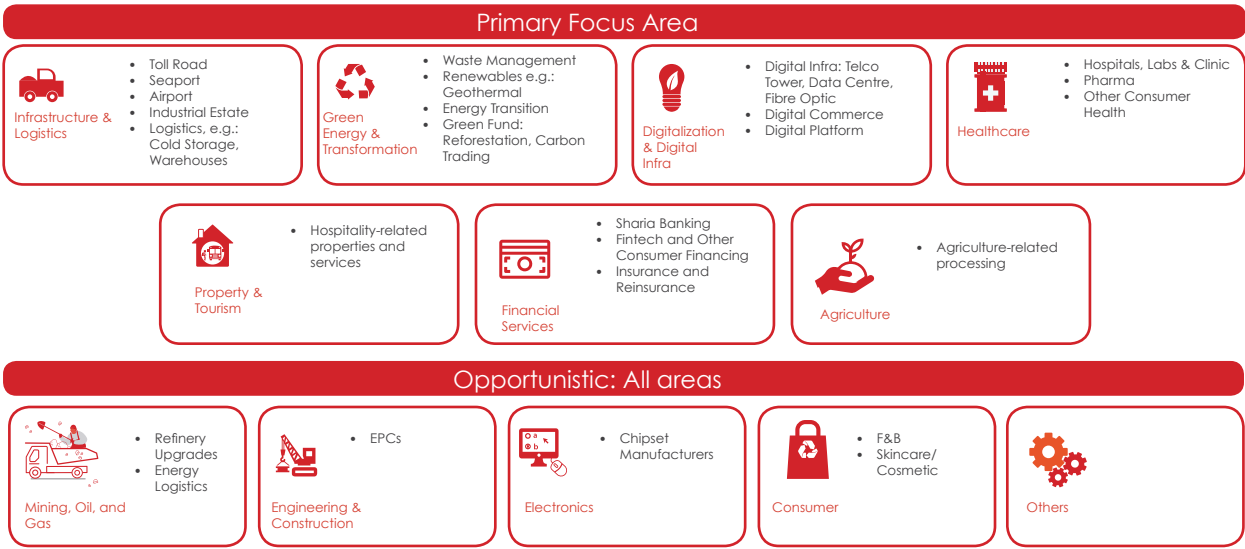
Investment Priority Sector Mapping Criteria

INA maps priority investment sectors that can support the achievement of INA's dual mandate. INA focuses on investment targets in several sectors that support the national development and provide financial benefits, and applies opportunistic strategies in other sectors.

Five (5) categories of criteria used by INA in mapping sector priority:		
	Criteria	Background
National Development	 National agenda & development needs	The sector must align with the focus area of national development and catalyse growth
	 Economic impact	The sector can generate high macroeconomic multipliers
	 Growth and market size	The sector must be able to generate long-term benefits
Financial Benefits	 INA's competitive advantage	INA must be able to create added value and leverage its competitive advantage
	 Investability	Sufficient number of investment opportunities for INA to attain optimal returns

INA has also mapped four (4) other opportunistic sectors, which are mining, oil and gas; engineering and construction; electronics, and the consumer sector.

INA Key Focus Sectors for Investment



INVESTMENT PERFORMANCE IN 2021

PRIORITY SECTORS REVIEW

Key achievements on INA's investment projects in 2021:



DIGITAL

TELECOMMUNICATIONS TOWER

Thesis

Indonesia's telecommunications tower sector is supported by promising industry tailwinds, where improving competitive dynamics and earnings recovery among Mobile Network Operators (MNOs) translates into more resources allocated to network coverage and quality improvement.

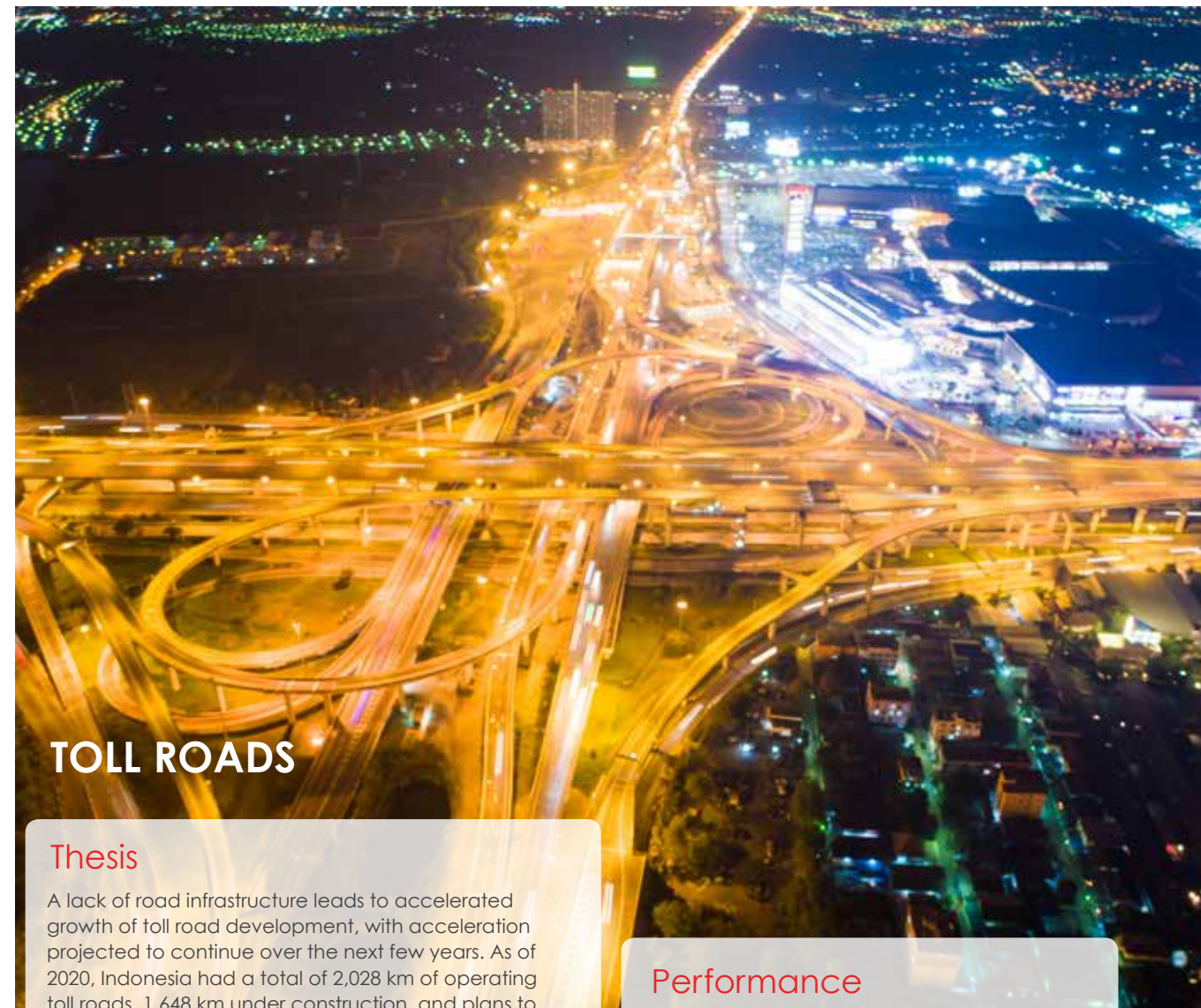
The sector is also supported by accelerating data demand, which translates into increasing need for digital infrastructure (telecommunications towers in particular). Despite growing demand, the telecommunications tower sector is heavily underserved, as tower per population in Indonesia is one of the lowest in the region. This indicates headroom for lucrative growth and expansion in the sector.

Performance

INA participated in Mitratel IPO as one of the investors. The IPO is INA's first investment in the field of digital infrastructure and technology as Indonesia's Sovereign Wealth Fund. INA also welcomed the participation of GIC, ADIA, and ADG in the Mitratel IPO, which will provide strategic added value for the development of Mitratel in the future.



INFRASTRUCTURE



TOLL ROADS

Thesis

A lack of road infrastructure leads to accelerated growth of toll road development, with acceleration projected to continue over the next few years. As of 2020, Indonesia had a total of 2,028 km of operating toll roads, 1,648 km under construction, and plans to add another 10,351 km across Indonesia.

Number of vehicles grew by 6% CAGR during 2015–2019, far exceeding the growth of road capacity of 1% CAGR during similar period. Therefore, the road-to-vehicle ratio continues to be in a declining trend, indicating pent-up demand for toll roads as compared to in neighboring countries. The Government's infrastructure spending has been growing at 9% CAGR as a result of an increased focus on the sector. Toll road projects are a key priority that represent 30% of all national strategic projects.

Performance

The signing of the Memorandum of Understanding (MoU) between Indonesia Investment Authority (INA) and Caisse de dépôt et placement du Québec (CDPQ), APG Asset Management (APG), and a subsidiary of Abu Dhabi Investment Authority (ADIA) to form the largest infrastructure platform in Indonesia worth USD3.75 billion with a focus on investment in the toll road sector. At the end of 2021, the INA Consortium sent Non-Binding Offers (NBO) for several toll road assets.

INFRASTRUCTURE

MARITIME LOGISTICS

Thesis

Total Indonesia container market is expected to increase at a rate of around 3.5x over the next decade, with the potential to reach 40 million Twenty-foot Equivalent Units (TEU) through various value unlocking levers. In recent years, the Twenty-foot Equivalent Units (TEU) in Indonesia has grown significantly lower than the country's GDP, indicating untapped potential for future containerization. Given that Indonesia is a less mature market, it is reasonable to expect it can achieve trade multipliers in line with global averages between 1980-2000 which was approximately 3x GDP growth.

Collaboration with global terminal operators can aid in operational optimization, which will ultimately result in increased profitability. In general, Indonesian ports are gateways, which means that investment in the hinterland is expected to stimulate economic activity, hence accelerating economic growth. Additionally, the establishment of hub-and-spoke networks can facilitate higher economies of scale. Additionally, supporting investments such as industrial zones and other modes of maritime transportation are expected to boost maritime logistics efficiency in Indonesia.

Performance

INA and DP World have entered into a strategic cooperation to increase the quality of maritime and logistics services in Indonesia. Furthermore, INA and DP World will form a consortium and working team to explore investment opportunities in the maritime logistics sector. The consortium will look for opportunities to improve the efficiency of Indonesia's maritime logistics, which may include, but is not limited to, ports, network systems, transportation, and industrial estates with a combined investment value of up to USD7.5 billion.

INFRASTRUCTURE

AIRPORT

Thesis

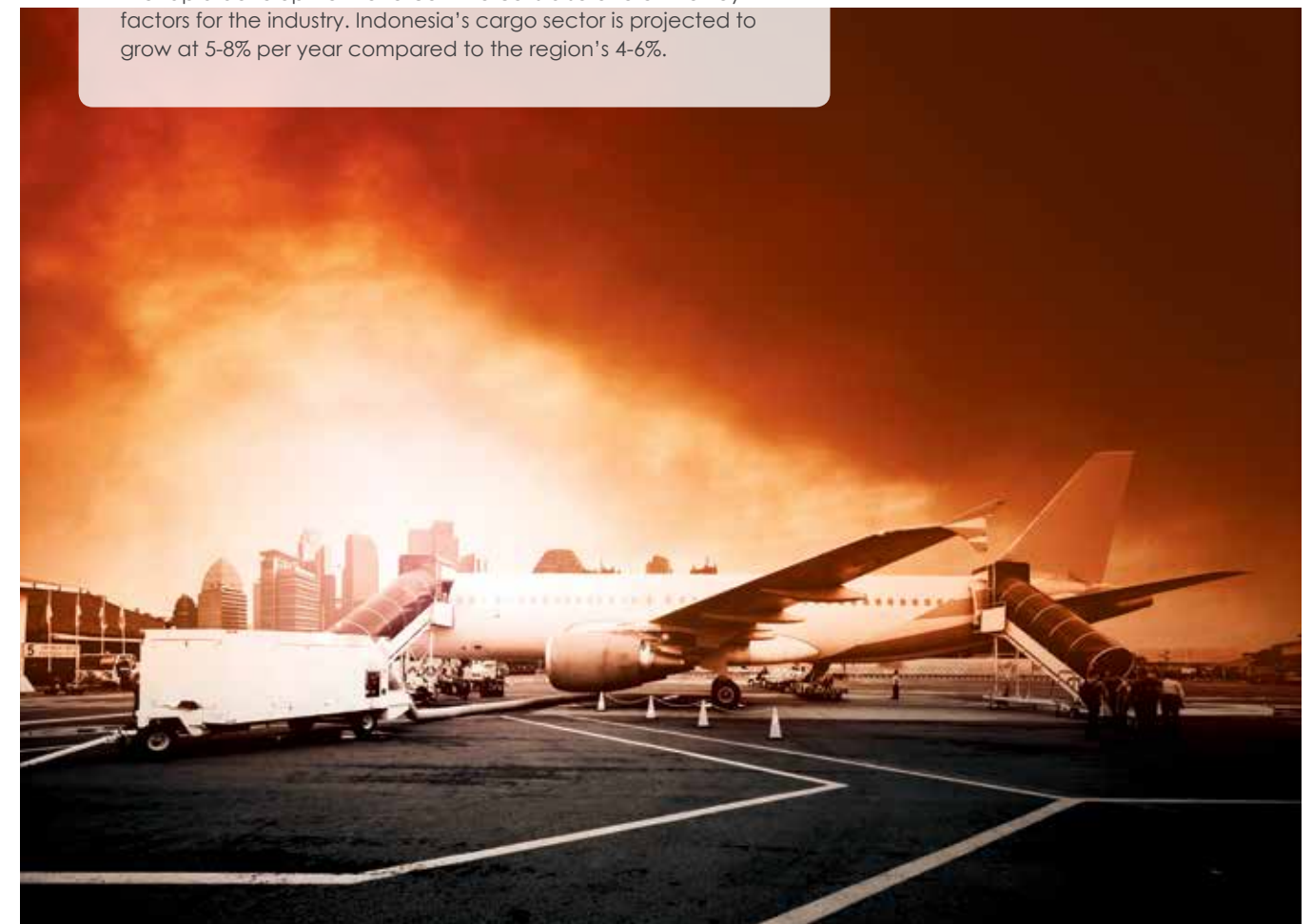
Indonesia's airport sector is one of the fastest growing, underpinned by a robust passenger market where growth can reach 4-5% beyond other countries. Given its strong domestic market, Indonesia's airport sector is expected to grow 5-8% annually in the post-pandemic recovery, higher than the regional growth rate of 3-5%. Partnerships with the right operators can help optimize services and improve revenue-generating capabilities, such as retail spending optimization.

Indonesia's cargo market also outpaced peers and shows strong growth prospects. The historical growth rate is driven by economic growth, growth in international trade transactions, developments in tier-2 provinces, and the emerging growth of the logistics business (including more complex logistics players). The rapid development of e-commerce is also one of the key factors for the industry. Indonesia's cargo sector is projected to grow at 5-8% per year compared to the region's 4-6%.

Performance

INA and PT Angkasa Pura II (Persero) signed two Head of Agreements (HoA) regarding Strategic Partnership for Airport Management and Development and Strategic Partnership for Management and Development of Cargo Village.

Based on the HoAs, INA will select strategic partners for the Airport project and the Cargo project.



2022 INVESTMENT STRATEGY

INA has formulated several key investment strategies for 2022 to realize its dual mandate, which are national development and economic returns as well as alignment with the achievement of INA's vision and mission in the long run.

- The articulation and realization of INA's dual mandate will be carried out through two types of strategies - active and passive, with varying investment flexibility and structure.
- Execution of INA's dual mandates will be carried out in parallel instead of sequentially.
- INA targets pipelines of investment potential in 2022 that align with INA's sectoral strategy mapping. The mapping was based on the type of INA's strategy (active or passive) that will be implemented and sector target priorities. It is equipped with details of the investment methods made for each project pipeline.
- INA also plans to establish several 'thematic funds', 'thematic platforms', and a Fund of Funds strategy.
- INA targets the achievement of a minimum return in line with the hurdle rate; hence INA could potentially multiply its AUM in the next few years.

BUSINESS CHALLENGES AND DYNAMICS

As a new organization, INA continues to map out its reputation and credibility, which is one of the considerations of investors who will potentially partner with INA. On the other hand, investor partners have commercial orientations and investment appetites that affect investment decisions. INA can play a role in bridging investor and investee communications to find common ground that can be accepted by all parties. INA also plays a role by intensively coordinating with the relevant Ministries/Institutions to obtain advice, direction, or support for the transactions.

To foster its credibility, INA shall be able to implement a good governance system and international standards to support INA's operations in an accountable, transparent manner and in accordance with its management rules. A good governance system can also provide guidelines for the preparation of any internal policy, such as an investment policy, remuneration policy, and so forth, which is appropriate and engages various optics concerning many interests.

INA has an asset and capital structure which composition is dominated by in-kind (inbreng) shares. As such, INA develops an accurate strategy for the management of assets or capital based on its in-kind (inbreng) shares through adequate research and study by taking into account the aspects of timing, sizing, and pricing. The strategy for any such management shall take into account various interests and adhere to the need to coordinate with relevant SOEs.



FINANCIAL REVIEW

The data and information of the financial review refers to INA Financial Statements for the period ended December 31, 2021 which have been audited by the Public Accountant Firm Purwantono, Sungkoro & Surja (a member firm of Ernst & Young) with an unqualified opinion.

STATEMENTS OF FINANCIAL POSITION

(In Million Rupiah)

	2021
Assets	
Cash and banks	2,964,609
Time deposits	8,000,000
Interest receivables	194,437
Prepayment	2,787
Convertible loan	1,149,672
Investment in bonds	14,796,103
Investment in equity instruments	
- Sub-holding	3,240,511
- Other financial assets	48,823,536
Deferred tax assets	646
Fixed assets – net of accumulated depreciation	50,407
Other assets	369
Total Assets	79,223,077
Liabilities	
Other payables	876
Accruals	37,085
Taxes payables	4,132
Provision	100,678
Lease liabilities	22,420
Employee benefit obligation	2,266
Total Liabilities	167,457
Equity	
Capital	75,000,000
Other reserves	3,955,223
Unrealised gain/(loss) on changes in fair value of:	
- Other financial assets	(131,687)
- Bonds	835
Retained earnings	
- Unappropriated	231,249
Total Equity	79,055,620
Total Liabilities and Equity	79,223,077

INA's position of assets reached Rp79.22 trillion in 2021 with the majority being in the form of financial assets including current accounts, time deposits, bonds, in-kind (inbreng) shares, and investments in PT Maleo Investasi Indonesia. INA's first investment deployment through PT Maleo Investasi Indonesia (Mitratel IPO) was Rp3.13 trillion, with an unrealised gain on changes in fair value amounted to Rp112.58 billion.

Cash and banks (current accounts) stood at Rp2.96 trillion as of the end of 2021. INA had a high bank balance due to preferred interest rate received by INA. Furthermore, time deposits of Rp8 trillion were mostly placed in state-owned banks (Himbara).

For investments in fixed income instruments (government bonds), INA allocated Rp14.79 trillion - a total investment of Rp8.54 trillion in amortized acquisition cost bonds and Rp6.25 trillion in Fair Value Through Other Comprehensive Income (FVOCI) bonds. Meanwhile, investment in equity instruments in the form of investment in a subholding company stood at Rp3.13 trillion with an unrealised gain on changes in fair value of Rp112.58 billion (investment in Mitratel's IPO), and investment in other financial assets (in-kind/inbreng shares) of Rp48.82 trillion.

INA recorded total liabilities of Rp167.46 billion, with the largest portion being the provision and professional expenses accruals.

Equity of Rp79.06 trillion was made up of capital injections from the Government in cash and in-kind (inbreng) shares worth Rp75 trillion, as well as net profit for the period, and other reserves related to ownership of in-kind (inbreng) shares.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(In Million Rupiah)

	2021
Revenue – net of final tax amounting to Rp88,284	580,439
Investment Expenses	(44,575)
Operational Expenses	(276,471)
Finance Cost	(26,290)
Foreign Exchange Loss	(15)
Profit Before Income Tax Expense	233,088
Income Tax Expense – net (exclude final tax)	(1,839)
Net Profit for the Period	231,249
Total Other Comprehensive Loss	(130,852)
Total Comprehensive Income for the Period	100,397

At the end of 2021, INA successfully recorded a net profit of Rp231.25 billion. This achievement was contributed by total revenues of Rp580.44 billion, mainly attributable by interest income of Rp466.38 billion (after final tax) from a combination of government bonds as well as time deposits and current accounts.

Unrealized gain from changes in the fair value of investments in Mitratel's IPO of Rp112.58 billion also contributed to INA's net profit, where Mitratel's closing price on the last trading day of the stock exchange in 2021 was Rp830/share. The implementation of efficiency and effectiveness strategies on investment expenses and operating expenses (particularly employees, professional, and IT fees) also supported INA's efforts to achieve a positive bottom line in 2021.

INA posted other comprehensive loss of Rp130.85 billion in 2021, making a total comprehensive income for the period to reach Rp100.39 billion. Other comprehensive loss was, among others derived from an unrealized loss on the fair value of in-kind (inbreng) shares of Rp131.69 billion for the period starting from the delivery date until the end of 2021.

INVESTMENT AND OPERATIONAL EXPENSES

On investment expenses, the largest portion was investment advisory expenses of Rp44.58 billion. Investment expenses consisted of feasibility study expenses of Rp34.18 billion related to the toll road, seaport, airport, and healthcare projects; deal expenses of Rp6.48 billion related to industrial area projects; fund/platform set up expenses or legal fee related to toll road projects of Rp3.89 billion; and custodian expenses for bonds amounted to Rp27 million.

INVESTMENT EXPENSES

(In Million Rupiah)

	2021
Feasibility study expenses	34,175
Deal expenses	6,478
Fund/platform set up expenses	3,895
Custodian expenses	27
Total	44,575

INA implemented an efficiency strategy for operational expenses such as employee cost, professional fee and information technology hence posted realisation of Rp276.47 billion in 2021, below the target.

OPERATIONAL EXPENSES

(In Million Rupiah)

	2021
Board of Directors and employee cost	163,899
Supervision cost	57,961
Professional fee	25,622
Supervision supporting cost	15,607
Depreciation	3,318
Leases	2,440
Travel	1,632
Technology and information	1,517
Insurance	688
Office overhead	470
Donation	76
Others	3,241
Total	276,471

STATEMENT OF CASH FLOWS

(In Million Rupiah)

	2021
Net Cash Used in Operating Activities	(27,007,035)
Net Cash Used in Investing Activities	(25,713)
Net Cash Provided from Financing Activities	29,997,357
Net Increase in Cash and Banks	2,964,609
Cash and Banks at the End of Period	2,964,609

In 2021, INA's net cash used in operating activities stood at Rp27.01 trillion. In which interest income and other income were recorded at Rp451.02 billion and Rp14.10 billion, respectively.

INA made a placement in subholding, PT Maleo Investasi Indonesia (related to Mitratel) amounted to Rp3.13 trillion, a convertible loan to PT Maleo Investasi Indonesia of Rp1.16 trillion, placements in

time deposits of Rp8 trillion, and bond placements of Rp14.99 trillion. INA also posted capital expenditures amounted to Rp25.71 billion.

In 2021, INA received Rp30 trillion of capital injection in cash in two stages, namely Rp15 trillion in February 2021 and Rp15 trillion in November 2021. As such, total net increase in cash was Rp2.96 trillion in 2021 which was placed in current account due to special interest rate received by INA.

STATEMENT OF CHANGES IN EQUITY

(In Million Rupiah)

	2021
Beginning balance	-
Capital injection	75,000,000
Difference in fair value of initial recognition in other financial assets	3,955,223
Unrealised gain/(loss) on changes in fair value of:	
- Other financial assets	(131,687)
- Bonds	835
Net profit for the period	231,249
Balance as of December 31, 2021	79,055,620

OUR GOVERNANCE

BUILDING STRONG GOVERNANCE & MEASURED RISK MANAGEMENT

Good governance ensures that INA operates in an accountable and transparent manner, in accordance with institutional management rules. INA is strongly committed to the implementation of good governance, as reflected in its compliance with various applicable regulations and the application of international standard practices.

The role as a sovereign wealth fund requires INA to make balanced investments in terms of commercial returns, national development, and measurable and controlled risks. For this reason, structured and systematic risk management is needed by implementing three lines of defense model, establishing Risk Appetite Statements (RAS), compiling a Risk Register, and optimizing the role of the Risk Management Committee in supervising risk management and maintaining a risk-aware culture at INA.

OUR GOVERNANCE



In managing investments, INA adheres to the principles of good governance, transparency and accountability, enabling INA to carry out independent, fair, professional, and responsible investment management.

Highlights



In carrying out its duties, INA is bound by the provisions of Law No. 11 of 2020 on Job Creation, Government Regulation No. 74 of 2020 on Indonesia Investment Authority, and other related laws and regulations.



Decision-making is carried out by INA's organs through meetings. To make decisions related to oversight, the Supervisory Board periodically conducts Supervisory Board meetings, whereas the decision-making on operational management is conducted by the Board of Directors in Board meetings.



The implementation of good governance in INA is carried out by stipulating internal policies. INA's internal policies consist of the Supervisory Board's and the Board of Directors' policies.



As a part of good governance, the Board of Directors periodically submits financial statements and management reports to the Supervisory Board.



To maintain its reputation and implement a culture of integrity, INA has developed a Code of Conduct and established a whistleblowing system.



To ensure INA's operations perform in accordance with prevailing regulations, INA also monitors work units' application of laws and regulations and internal policies in carrying out their duties.

GOVERNANCE IMPLEMENTATION BASIS

The legal basis of the governance of INA is Law No. 11 of 2020 on Job Creation 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 and the Board of Directors.

GOVERNANCE STRUCTURE

INA's corporate 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 its Committees and secretariat.
2. The Board of Directors as an organ whose functions are to manage INA, and represent INA in and out of court. In carrying out INA's management, the Board of Directors is able to establish committees, members of which are assigned from the Board of Directors, employees, and/or other parties.

GOVERNANCE TOOLS

Supervisory Board Policies

The policies on the oversight of the Supervisory Board are outlined in the Supervisory Board Policies. The Supervisory Board has established the Supervisory Board Policies as mandated in Law No. 11 of 2020 on Job Creation and Government Regulation No. 74 of 2020 on Indonesia Investment Authority. There are 13 policies regulated in the Supervisory Board Policies, which include, among others, operational supervision, ethical standards, and the Supervisory Board's decision-making procedures.

Board of Directors Policies

To exercise operational management and good governance, the Board of Directors has established the Board of Directors Policies that outline internal policies, as mandated by Government Regulation No. 74 of 2020 on Indonesia Investment Authority. The Board of Directors has established 36 policies that are outlined in 12 Board of Directors Policies, which include policies on investment, partner selection, finance, risk management, and information disclosure. During the policy-making process, the Board of Directors first consults with the Supervisory Board on policy material.

COMMITTEES ESTABLISHMENT

In carrying out its duties and authority, the Supervisory Board and the Board of Directors establish committees based on prevailing regulations. This is aimed at carrying out oversight and operational functions, in a professional manner with transparency, integrity and responsibility.

COMMITTEES UNDER THE SUPERVISORY BOARD

Audit Committee

The Audit Committee was established on May 1, 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 professionals, internal and external to INA.

Duties of the Audit Committee:

The Audit Committee has the duty to evaluate internal controls, financial statements, compliance, internal auditors, communications with external auditors, risk management, compliance with Good Corporate Governance (GCG), and so forth.

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

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

- Member of the Supervisory Board
- Chairman and Member of the Audit Committee



Sumiyati

- Member of the Audit Committee
- 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

- Member of the Audit Committee
- Professional Experience:
 - Partner 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 (IAP)

Ethics Committee

The Ethics Committee was established on May 1, 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 professionals, internal and external to INA.

Duties of the Ethics Committee:

- To review INA's Code of Ethics and oversight function to ensure compliance with INA's Code of Ethics; and
- To oversee the control of gratuities, 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.

Ethics Committee Members Structure

Chairman and Member: Yozua Makes (member of the Supervisory Board)

Member: Hikmahanto Juwana

Member: John Aristianto Prasetyo

Ethics Committee Members Structure:



Yozua Makes

- Member of the Supervisory Board
- Chairman and Member of the Ethics Committee



Hikmahanto Juwana

- Member of the Ethics Committee
- Professional Experience:
 - Professor of Law at the University of Indonesia
 - Arbitrator at several arbitration bodies (BADAPSKI, BAKI, BAKTI)
 - Tax Supervisory Committee



John Aristianto Prasetyo

- Member of the Ethics Committee
- Professional Experience:
 - President Commissioner of Indonesia Stock Exchange
 - Chairman of APEC Business Advisory Council

Remuneration and Human Resources Committee

The Remuneration and Human Resources (HR) Committee was established on May 1, 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 professionals, internal and external to INA.

Duties of the Remuneration and HR Committee:

- Providing recommendations on nomination and performance assessment of the Board of Directors;
- Reviewing and monitoring of HR management strategies and policies, as well as the remuneration system; and
- 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.

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

- Chairman and Member of the Remuneration and HR Committee
- Professional Experience:
 - Former Finance Minister and Head of BKPM
 - World Bank Advisory Council



Darwin Cyril Noerhadi

- Member of the Supervisory Board
- Member of the Remuneration and HR Committee



Bambang Widjanarko ES

- Member of the Remuneration and HR Committee
- Professional Experience:
 - HR Professional
 - Executives at multiple national companies



Rabin Indrajad Hattari

- Member of the Remuneration and HR Committee
- Professional Experience:
 - Economist at ADB
 - Executive Officer at the Ministry of SOE



Nofiansyah

- Member of the Remuneration and HR Committee
- Professional Experience:
 - Executive Officer at the Ministry of Finance

COMMITTEES OF THE BOARD OF DIRECTORS

Investment Committee

The Investment Committee was established on September 24, 2021 pursuant to a decree of the Board of Directors. The implementation of duties and authority of the Investment Committee is outlined in the Investment Committee Charter. The Investment Committee comprises INA's Board of Directors and certain appointed employees.

Duties of the Investment Committee:

- Providing recommendations on investment decisions;
- Carrying out periodic oversight on the performance of investment portfolio;
- Managing the investment risks; and
- Formulating required actions and/or exit plans.

The Investment Committee holds a meeting at least once a week to discuss investment-related matters.

Risk Management Committee

The Risk Management Committee was established on August 9, 2021 based on a decree of the Board of Directors. The implementation of duties and authority of the Risk Management Committee is stated in the Risk Management Committee Charter. The Risk Management Committee comprises INA's Board of Directors and certain appointed employees.

Duties of the Risk Management Committee:

- Managing INA's risks;
- Anticipating and monitoring risks encountered by INA; and
- Providing guidelines on handling issues and key risks arising from each division.

The Risk Management Committee holds a meeting at least once every quarter.

DEVELOPING THE CODE OF CONDUCT

INA is committed to uphold a culture of integrity, which has been accomplished, among others through its Code of Conduct and the signing of an Integrity Pact.

The Integrity Pact contains the commitments of INA among others:

1. Taking an active role in preventing and eradicating corruption, collusion, and nepotism and not involve oneself in acts of corruption, collusion, and nepotism;
2. Not demanding and accepting gratuities in any form that are not in compliance with prevailing laws and regulations;
3. Avoiding conflicts of interest in carrying out duties and responsibilities while at INA;
4. Working full time and not holding any position elsewhere, unless it is an assignment in connection with a position held at INA or a position approved by INA; and
5. Complying with prevailing laws and regulations.

In relations to its Code of Conduct, in order to prevent conflicts of interest, INA periodically issues a negative list. Moreover, INA also requests all employees to report their shareholdings regularly.

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, to the Supervisory Board.

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

- Quarter 1 of 2021 Report, signed on May 25, 2021.
- Quarter 2 of 2021 Report, signed on July 30, 2021.
- Quarter 3 of 2021 Report, signed on October 19, 2021

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:

- Quarter 2 of 2021 Management Report, dated July 15, 2021.

- Quarter 3 of 2021 Management Report, dated October 28, 2021.
- Quarter 4 of 2021 Management Report, dated January 25, 2021.

MONITORING GOVERNANCE POLICIES

INA actively monitors the implementation of prevailing regulations and internal policies on a periodic basis. The monitoring is as follows:

- Reviewing compliance in investments implementation;
- Reviewing compliance in self-assessment that is conducted by each work unit.

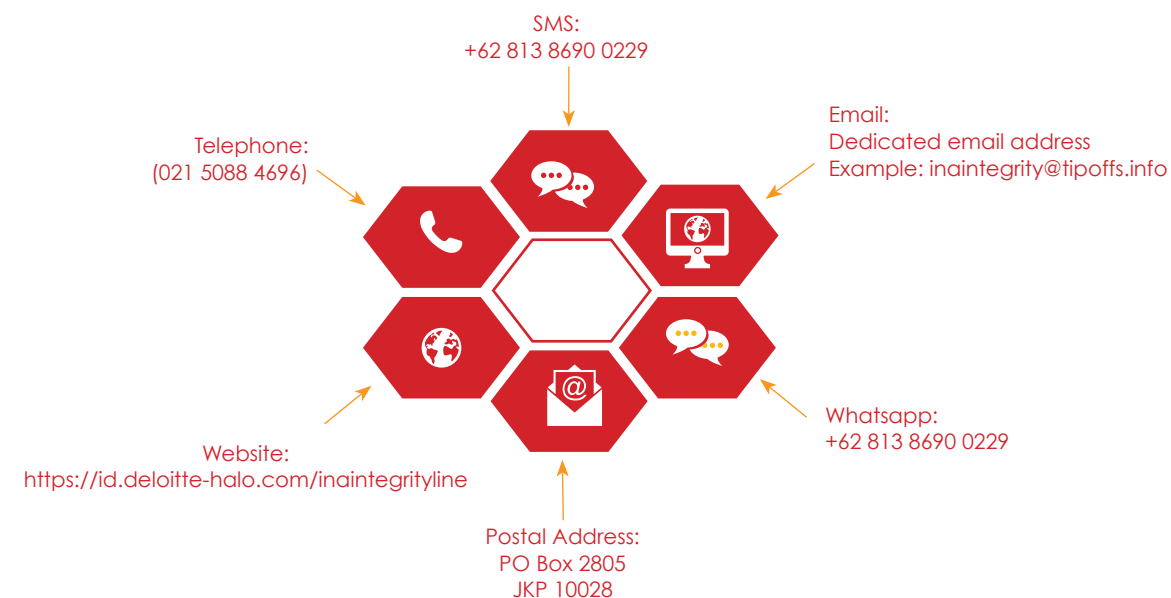
WHISTLEBLOWING SYSTEM

INA has implemented a Whistleblowing System (WBS), 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, 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.

WBS Channels:



The management of INA Integrity Line is carried out by PT Delloite Advis Indonesia ("Delloite"), an independent third party. The appointment of Deloitte to manage the WBS complies with INA's regulations.

GOVERNANCE COMMITMENT

INA is committed to implementing Good Corporate Governance (GCG).



As a commitment to implementing international governance standards (The Santiago Principles), INA has been registered as an associate member of the International Forum of Sovereign Wealth Funds (IFSOF) since May 24, 2021.

IFSOF is a global SWF organization committed to working together and strengthening the SWF community through governance standards, dialogue, research, and self-assessment.

The main activities of IFSOF:

- 1. Setting the Standards:** IFSOF helps its members accelerate the implementation of good governance practices by sharing the experience of each member in implementing the Santiago Principles.
- 2. Knowledge Sharing:** IFSOF members seek to help each other to achieve higher expected risk-adjusted returns through discussions on governance, investment, asset allocation, financial risk assessment, and operational issues.

- 3. Representation:** The forum can help represent the views of its members in the wider financial community, and can be a contact point for collaborating with other financial organizations.

IFSOF members, among others are Abu Dhabi Investment Authority, China Investment Corporation, GIC Private Limited, dan Khazanah Nasional Berhad.

RISK MANAGEMENT

INA continuously seeks to measure, monitor, and control risks, either within or beyond INA's control, and ensure that these risks are in line with its risk tolerance level.

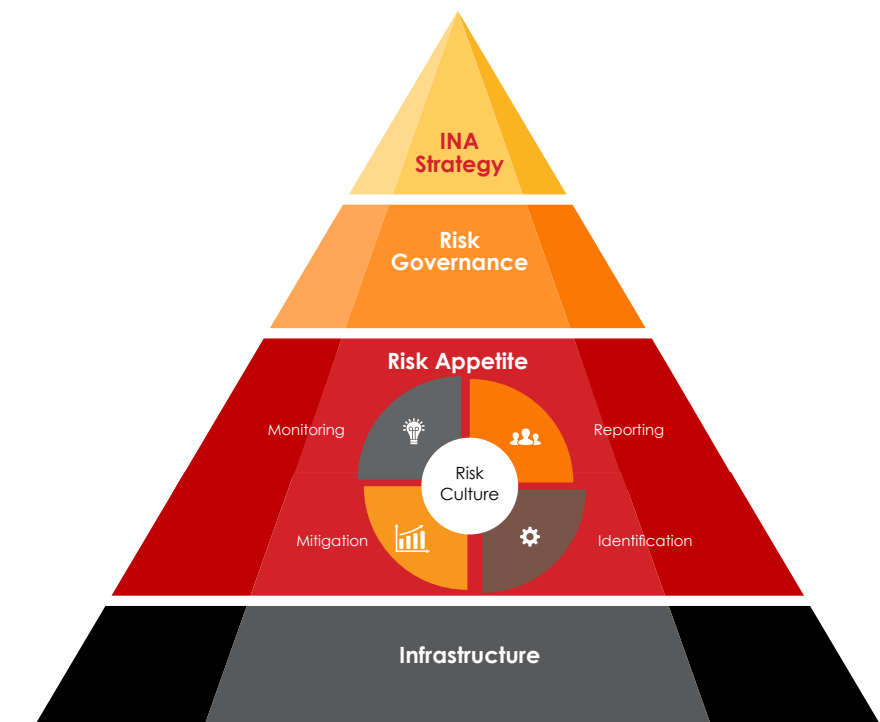
To anticipate challenges from the domestic and global economies and increasing risk exposures as INA grows, effective and systematic risk-based decision-making and capital allocation is essential to achieve INA's performance objectives sustainably.

RISK MANAGEMENT OBJECTIVES

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. Establish a risk governance framework which covers risks inherent in the investments that we manage (**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 ten (10) risk types in its Risk Taxonomy to define the material risks that INA faces in its current state of development, and has established Risk Appetite Statements for five (5) major risks. The Risk Appetite Statement provides guidance on the level of risk that INA is willing to assume to achieve its mandate and meet investors' expectations. The Risk Taxonomy and Risk Appetite Statements will be continually adjusted in accordance with INA's stage of development and the challenges it faces.

THE TEN (10)
RISK TAXONOMIES CURRENTLY
ENCOUNTERED BY INA

 Investment Risk

 Reputation Risk

 ESG and Sustainability Risk

 Legal and Compliance Risk

 Liquidity and Funding Risk

 Valuation Risk

 Operational Risk

 Fraud Risk

 Technology and Cyber Risk

 Outsourcing and Third-Party Risk

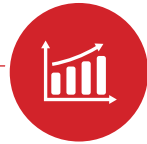
The Risk Register maps the risk inherent in the activities of all divisions in INA, and the control measures implemented. Risk Management provides oversight on adequacy of the risk controls at each division, while Compliance reviews its implementation.

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



Investment Risk

- INA has a long-term investment horizon and we retain the flexibility to accept concentration risk. No pre-defined diversification and concentration risk limits are set.
- INA focuses on long-term performance and accepts higher volatility risks year-on year with negative returns accepted in any one year.
- INA assesses each investment individually by reviewing its performance and returns against the expected returns and assumptions. INA has low tolerance for unexpected variances to these returns and assumptions.



Reputation Risk

- INA is building a reputation as a credible and leading world-class institution and advancing Indonesia's competitiveness and development. INA has low tolerance for risks that damage our reputation and credibility.
- INA embeds ESG considerations into its investment strategy and assessment and have low tolerance where these considerations are ignored.



Liquidity & Funding Risk

INA has low tolerance for failure to access liquidity when required. Treasury manages INA's liquidity to ensure INA has sufficient liquidity to operate and to continue its core activities as well as funding for investee assets even during stressed market conditions. The liquidity portfolio is placed with high quality counterparties and instruments to preserve its market value and liquidity at times of need.



Valuation Risk

Although the nature of INA's investments requires values to be estimated until the investment is realized, INA has low tolerance for failure to follow industry practice in its valuation methodologies and oversight. This includes zero tolerance for not performing an annual independent external audit on its investments for inclusion in financial statements.



Fraud & Operational Risk

- INA has low tolerance for non-adherence to laws and regulations across its organization (including regulations on anti-money laundering and anti-terrorism funding) in our investments, partners and other third parties.
- INA has low tolerance for material financial or non-financial impacts caused by a failure to put in place effective processes, systems and controls to manage operational risks.
- INA maintains a robust balance sheet with a strong capital position. INA has low appetite for events and activities that may damage this resilience and require unnecessary capital increases.

OUR SUSTAINABILITY

BUILDING RESPONSIBLE INVESTMENT THROUGH ENVIRONMENTAL, SOCIAL & GOVERNANCE COMMITMENT

Environmental, social, and governance (ESG) aspects are important to investors, policymakers, and other key stakeholders to protect the business from various risks including the risk of climate change. INA proactively integrates ESG aspects into its internal operations and investment mandate. INA believes that the implementation of ESG will contribute to sustainable development and bring the greatest benefit to the community.

OUR SUSTAINABILITY



INA integrates Environmental, Social, and Governance (ESG) aspects into the investment process to create better returns on investment in the long term.

OUR BELIEFS

INA believes that sustainable investments that seriously consider environmental, social, and governance (ESG) factors will create greater benefits for investment partners, stakeholders, future generations, and the country. INA seeks to capitalize on the risks associated with ESG and explore the opportunities to increase the added value that INA can bring into its investments. This is INA's long-term perspective in carrying out its mission of advancing Indonesia's competitiveness.

INA integrates ESG aspects into its own investment and operational processes by taking into account global sustainability practices, the Government of

Indonesia's commitment to ESG, Indonesia's status as a developing country, and the timeframe required for the company to make the transition.

OUR APPROACH

Sustainability is important not only in the investment process, but also in the operational and governance structure of INA. In the governance structure the Board of Directors is responsible for overseeing and ensuring sustainable investment efforts, as well as conducting periodic ESG policy reviews to ensure their relevance and conformity to business operations and applicable regulations. The ESG Division and the Investment Division are in charge of putting

the ESG framework into action, as well as actively monitoring and responding to ESG-related issues.

INA began incorporating ESG considerations into its operations by identifying and establishing baselines for metrics relevant to INA's operations, such as Scope 1 and 2 Greenhouse Gas (GHG) emissions, total employee training, and diversity. As part of our ESG's future progress, INA will continue to monitor and report on these metrics.

INA has developed an ESG policy and framework as the basis for exploring the risks and opportunities associated with ESG and increasing the added value of INA's investments.

Furthermore, INA has also established environmental, social, and governance focus areas and indicators that serve as guidelines for INA in assessing investment opportunities and monitoring its investment portfolio.

INA ESG Focus Areas



- GHG emission and air pollutants
- Energy management
- Water management
- Waste management
- Ecological impact



- Labour practices and training
- Employee health and safety
- Employee engagement, diversity & inclusion
- Community engagement



- Workforce and economic growth
- Business model resilience
- Business ethics & anti-corruption

INA integrates ESG aspects throughout the investment cycle and also adjusts them to the share of ownership and control. INA seeks to apply the agreed ESG framework and principles to the available investment opportunities. The ESG integration process includes:

1. Screening and due diligence

INA reviews all investment opportunities to ensure no ESG-related issues that potentially cancel the transaction. Through a due diligence process, INA further evaluates ESG risks and opportunities that will provide added value to the investment.

Currently, INA has conducted ESG due diligence in several sectors such as industrial estates and infrastructure. Due diligence includes the appointment of advisors, site visits, data collection, the consultation process with target companies, and assessment against INA's ESG metrics.

The results of the due diligence will be part of the agreement between INA, partners, and the target company to determine the ESG roadmap and action plan for the target company.

2. Active monitoring

INA actively cooperates with its portfolio companies to support the achievement of ESG standards in accordance with global sustainability practices and evaluates the implementation of the portfolio companies' ESG work plans.

3. Reporting

Portfolio companies must regularly report to INA on their ESG implementation. INA then provides feedback to achieve the expected ESG standards.

Moreover, INA is also actively exploring thematic investment opportunities as part of its response to address climate change. This is also part of INA's efforts to support the Indonesian government in implementing low emission and sustainable development.

INA continues to align itself with global sustainability practices that have positive and measurable impact. As ESG standards, procedures, and methodologies develop, INA will also periodically assess relevant standards to be in line with other investment

management institutions, best practices in similar industries, and the expectations of key stakeholders.



ORGANIZATION AND HUMAN RESOURCES

BUILDING STRONG ORGANIZATION & SOLID IDENTITY

As a new institution, INA seeks to build strong organizational capabilities and identity. INA's important mandate requires optimal contribution from the best professional talents with high integrity.

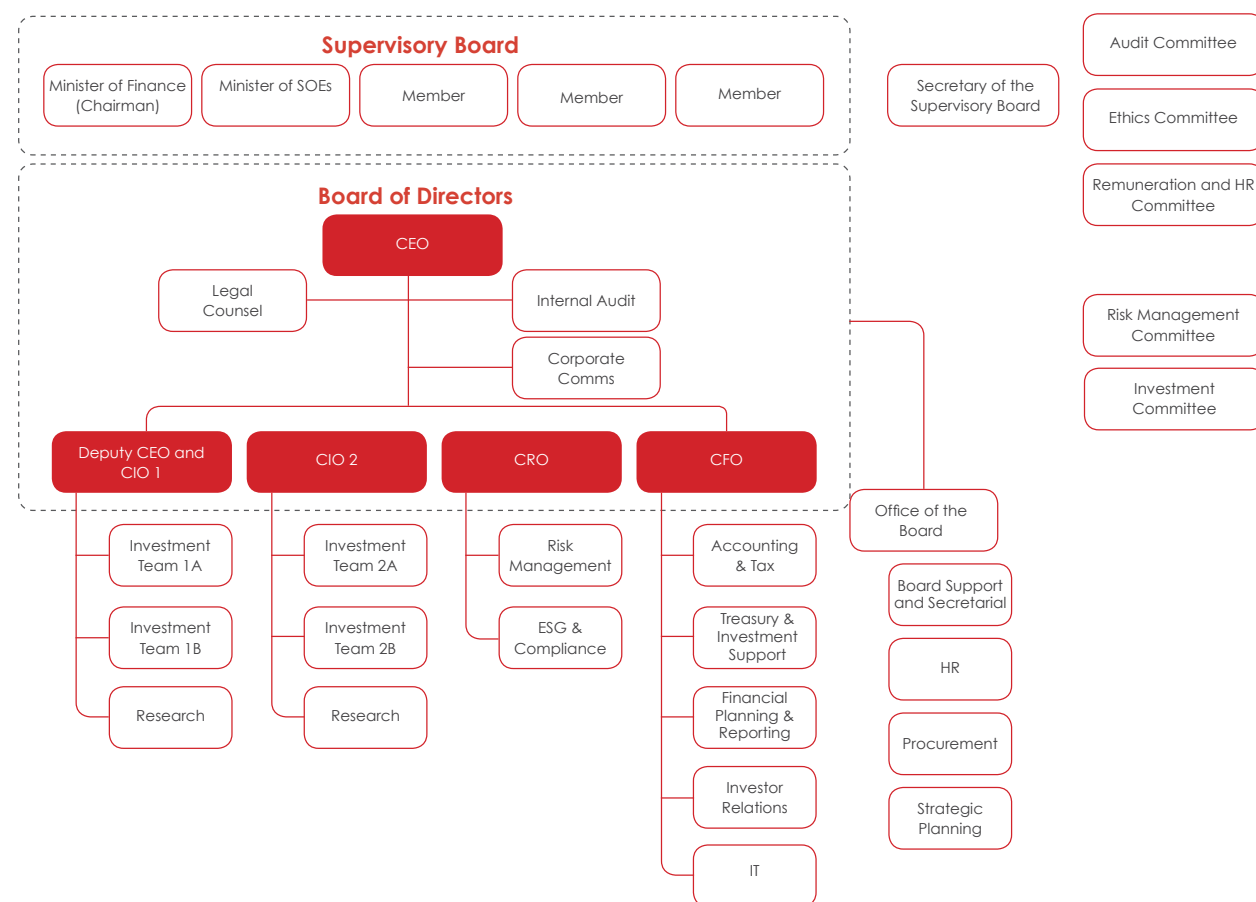
ORGANIZATIONS

The development of the organization started with the appointment of the Supervisory Board and the Board of Directors, which are part of the two-tier board structure as mandated in Laws and Government Regulations.

The purpose of such a structure is to create a strong governance system that upholds professionalism.

In carrying out its mandate, INA has developed an effective organizational structure. The

formation considers best practices and INA's needs. The functions in INA's organizational structure are designed to be quite lean to maintain effectiveness, efficiency, and productivity.



HUMAN RESOURCES

INA aims to become an innovative, creative, and dynamic organization. As such, INA recruits talents who are professional, productive, innovative, and have high integrity.

INA seeks to apply the principles of equal opportunity and gender equality in its organizational structure by recruiting female

talents and professionals. Female representation can also be seen in the structure of INA's Board of Directors and Supervisory Board.

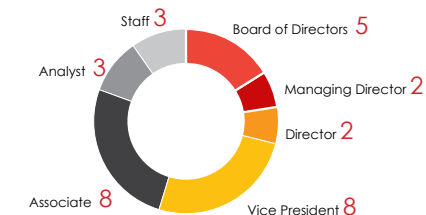
INA will continue to increase the percentage of women's representation in its human resources structure in line with the implementation of ESG and sustainability.

Employee Recruitment in 2021

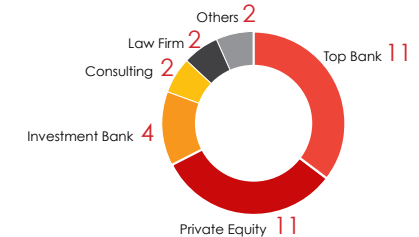
As of December 31, 2021, INA has fulfilled its human resources needs by recruiting as many as 26 best talents in the market under the supervision of the Board of Directors.

Employee Composition

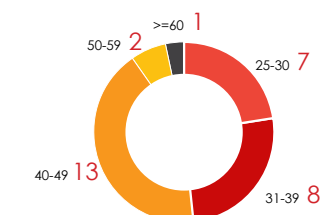
Composition by position level



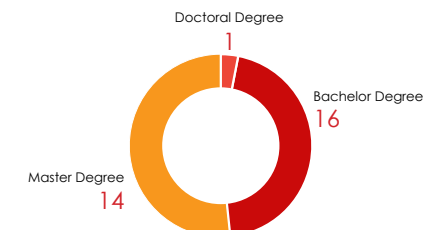
Composition by professional background



Composition by age



Composition by education



Composition by gender



BRIEF PROFILE



Name **INA** INDONESIA INVESTMENT AUTHORITY

Indonesia Investment Authority (INA)



Date of Establishment

December 15, 2020



Line of Business

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



Legal Incorporation

- Law of the Republic of Indonesia No. 11 of 2020 on Job Creation
- Indonesian Government Regulation No. 74 of 2020 dated December 15, 2020 on Indonesia Investment Authority



Capital

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



Number of Employees

26 employees



Address

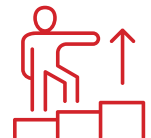
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District 8 SCBD Lot 28
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190
Phone: +62-21-39709090
Email: investor.relation@ina.go.id

EVENT HIGHLIGHTS



January 27, 2021

Appointment of INA's Supervisory Board.



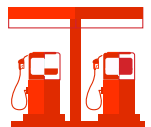
February 16, 2021

Appointment of INA's Board of Directors.



February 26, 2021

State Equity Participation injection as INA's initial capital amounted to Rp15 trillion pursuant to the Government Regulation (PP) No. 73 of 2020 on INA Initial Capital dated December 15, 2021.



May 19, 2021

PT Pertamina (Persero) and INA consider strategic partnership potentials on investments in the energy sector including renewable energy run by Pertamina in order to realize national energy security and to boost the national economy.



May 20, 2021

INA, Caisse de dépôt et placement du Québec (CDPQ), APG Asset Management (APG), and a wholly owned subsidiary of the Abu Dhabi Investment Authority (ADIA) signed a Memorandum of Understanding (MOU) to establish Indonesia's first infrastructure-focused investment platform and INA's first investment vehicle since its establishment.



May 24, 2021

The International Forum of Sovereign Wealth Funds (IFSFW), a global network of sovereign wealth funds, announces that it has accepted INA as an associate member. IFSWF now has 35 full members and six associate members, representing 40 countries from around the globe.



October 11, 2021

Indonesia Investment Authority (INA) and PT Angkasa Pura II (Persero) signed two Initial Agreements on the Strategic Partnership for the Management and Development of Soekarno-Hatta Airport, and Strategic Partnership for the Management and Development of Cargo Village Bandara Soekarno-Hatta.



October 31, 2021

INA signed a strategic alliance agreement with DP World to enhance Indonesia's maritime and port sector within the global manufacturing ecosystem. The economic value of this partnership could reach up to USD7.5 billion over the long term.



November 6, 2021

The Abu Dhabi Growth Fund (ADG) established by ADQ has signed an Investment Framework Agreement with INA to support USD10 billion of UAE investment through INA announced earlier this year.



November 21, 2021

State Equity Participation's second cash injection amounted to Rp15 trillion received by INA pursuant to PP No. 110 of 2021 on Additional State Equity Participation of the Republic of Indonesia to INA Capital dated October 29, 2021.



December 23, 2021

Capital injection in in-kind (inbreng) shares, namely part of Series B shares of the Republic of Indonesia in PT Bank Rakyat Indonesia (Persero) Tbk and PT Bank Mandiri (Persero) Tbk provided based upon PP No. 111 of 2021 on Additional Capital Injection from The Government of Indonesia to INA dated October 29, 2021 received through in-kind (inbreng) deed signed on December 23, 2021.

DISCLAIMER

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statements, because they relate to events and depend upon circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The forward-looking statements are based on the view of the management of INA as of the date of such statements. INA does not assume any responsibility to amend, modify, or revise any forward-looking statements on the basis of any subsequent developments, information, or events, or otherwise.

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This Annual Report is prepared in English and Indonesian, for any differences in interpretation between the English version and the Indonesian version, then the Indonesian version shall prevail.

The receipt of this Report by its recipients implies their full acceptance of the above statements.

