



# INA 2022

Indonesia Investment Authority

Pillar 1: Legal

Legal framework, objectives, and coordination with macroeconomic policies

Principle 1

1. The legal framework for the SWF should be sound and support its effective operation and the achievement of its stated objective(s).

1.1. The legal framework for the SWF should ensure legal soundness of the SWF and its transactions.

1.2. The key features of the SWF's legal basis and structure, as well as the legal relationship between the SWF and other state bodies, should be publicly disclosed.

Lembaga Pengelola Investasi or Indonesia Investment Authority ("INA") is a sui generis legal entity established under Law Number 11 of 2020 on Job Creation ("Law 11") and Government Regulation Number 74 of 2024 on Indonesia Investment Authority ("PP 74"), which are publicly available and accessible.

INA is wholly owned by the Government of the Republic of Indonesia ("the Government") and is responsible directly to the President. As an investment institution of the Government, INA has its own capital injected by the Government. It is also granted certain privileges under Law 11 and PP 74, which allow it to manage its investments through, among others, the establishment of funds or direct investments with its potential partners.

Principle 2

The policy purpose of the SWF should be clearly defined and publicly disclosed.

Based on Law 11 and PP 74, INA's primary goal is to carry out its mandate in increasing and optimising the investment value of its assets that are managed for the long term to contribute to the sustainable development of the Republic of Indonesia.

These regulations are publicly available and accessible. Refer to GAPP 1 for attachments.

Principle 3

3. Where the SWF's activities have significant direct domestic macroeconomic implications, those activities should be closely coordinated with the domestic fiscal and monetary authorities, so as to ensure consistency with the overall macroeconomic policies.

Given INA's short history since inception, INA's initial capital of \$5 billion has yet to have a significant direct implication on Indonesia's domestic macro economy, given Indonesia's annual GDP of approximately USD 1.1 Trillion.

In its first year of inception, INA prioritised setting up proper governance, risk management, and compliance while carrying out the commercial purpose enshrined in its mandate. While INA has made its maiden investment in Indonesia's second largest IPO, it has also signed commitments with partners to participate in investments amounting to more than \$20 billion. The focus on good governance during the organisation's build and design, as well as professional staffing has cemented INA's reputation of being a best-in-class, professional organisation.

INA's Supervisory Board members include the Minister of Finance and the Minister of State-Owned Enterprises ("SOE"), who ensure alignment with macro-economic policies if required.

#### Principle 4

4. There should be clear and publicly disclosed policies, rules, procedures, or arrangements in relation to the SWF's general approach to funding, withdrawal, and spending operations.

4.1. The source of SWF funding should be publicly disclosed.

4.2. The general approach to withdrawals from the SWF and spending on behalf of the government should be publicly disclosed.

PP 74 stipulates that INA's capital comes from the Government. The Regulation also governs the mechanics of using INA's profits for mandatory reserves, retained earnings and distribution or dividends to the Government.

PP 74 also stipulates what INA can do in terms of funding, use of profits, and investment. INA has policies governing the withdrawal of funds for investments and operational activities to ensure good governance. The policies are communicated throughout INA.

INA discloses the amount and form of its capital in its annual report and website ([www.ina.go.id](http://www.ina.go.id)).

#### Principle 5

5. The relevant statistical data pertaining to the SWF should be reported on a timely basis to the owner, or as otherwise required, for inclusion where appropriate in macroeconomic data sets.

INA prepares quarterly and annual financial reports to the Supervisory Board (which includes the Minister of Finance and the Minister of SOE), as well as the Ministry of Finance.

INA submits annual audited financial statements and annual reports to the President of the Republic of Indonesia and the Supervisory Board, with the Annual Responsibility Report from the Supervisory Board, which specifies supervisory action taken by the Board on operational activities against the planning or budget.

Our annual report and audited financial statement are publicly disclosed on our website ([www.ina.go.id](http://www.ina.go.id)).

Pillar 2: Institutional  
Institutional Framework and Governance Structure.

#### Principle 6

6. The governance framework for the SWF should be sound and establish a clear and effective division of roles and responsibilities in order to facilitate accountability and operational independence in the management of the SWF to pursue its objectives.

Per GAPP2, the Government has given a clear mandate to INA to support national development and achieve optimal financial returns, focusing on long-term sustainability.

The Supervisory Board has two minister representations (Minister of Finance and Minister of SOE) and three independent members to provide governmental and external perspectives, and monitor INA's performance and governance. The Supervisory Board's committees oversee areas such as Remuneration, Audit and Ethics.

The Board of Directors has full independence and accountability for the overall portfolio and its governance, including decisions on asset allocations and effective management of the capital injection from the Government. The Board of Directors' committees also oversee critical areas such as investment and risk and have oversight over the respective investment risk and enterprise-wide risk faced by INA.

As part of its formative steps in 2021, INA created the charters for its committees and the relevant policies and procedures to support its operations. The Board of Directors Charter sets out the terms of the appointment and responsibilities of its members, while the Investment and Risk Committee Charters detail each Committee's specific responsibilities as support for the Board of Directors.

The Board of Directors submits quarterly financial reports that have been reviewed by the Audit Committee and semi-annual self-assessment reports to the Supervisory Board.

The Board of Directors submits an annual report, which includes externally audited financial statements, to the Supervisory Board. The Supervisory Board will submit this with the Supervisory Board's annual report to the President as part of INA's accountability to deliver on its mandate.

#### Principle 7

7. The owner should set the objectives of the SWF, appoint the members of its governing body(ies) in accordance with clearly defined procedures, and exercise oversight over the SWF's operations.

The Government sets out INA's objectives as detailed in GAPP2.

Law 11 and PP 74 set out the required criteria for selecting the Board of Directors and the Supervisory Board members.

The Supervisory Board is appointed by the President, consisting of the two ministers and three independent members. Their selection adheres to the criteria set out in PP 74, such as having diverse professional backgrounds and expertise in their respective fields. By design, independent members are the majority of the Supervisory Board (2 (two) ex-officio members (Minister of Finance and Minister of SOE) and 3 (three) members coming from professional backgrounds).

Decision making by the Supervisory Board is carried out by deliberation to reach consensus, and the members of the Supervisory Board have no veto rights.

The Supervisory Board has the duty to conduct supervision of the management of INA conducted by the Board of Directors.

The Supervisory Board is not involved in making investment decisions. Considering the Law 11 (Article 166 (15)) and PP 74 (Article 12 (2)), the authority and responsibility of the Supervisory Board are limited to the performance of INA and its Board of Directors, appointment of the Supervisory Board and the Board of Directors, remuneration, appointment of the Board of Directors and advisory boards, changes in capital, and approval of INA's auditor.

Investment decisions are the authority of the Board of Directors.

Based on the Law 11 (Article 167 (7)) and PP 74 (Article 30 (2)), the Board of Directors carries out the operations.

In carrying out its duties, the Board of Directors is authorized to formulate and determine INA's policies, implement policies and manage INA operations, propose remuneration, propose work plans and annual budgets along with key performance indicators, develop organizational structure and employee management, and represent INA in and out of court.

Regarding investment decisions, the Board of Directors establishes an Investment Committee, whose task is to provide recommendations to the Board of Directors regarding investment decisions. The Supervisory Board does not take part in making decisions for investment.

The Supervisory Board has regular meetings with the Board of Directors on the running of INA. The Supervisory Board also has the Ethics, Remuneration and Audit committees and regular reports from INA as oversight of the Board of Directors' performance and proper governance.

#### Principle 8

8. The governing body(ies) should act in the best interests of the SWF, and have a clear mandate and adequate authority and competency to carry out its functions.

Per GAPP2, INA has a clear mandate and objective. With help from external advisors, the Supervisory Board has selected each director based on their track record and competency, with a high reputation in the market for integrity.

The Board of Directors and its supporting committee charters provide clear authority and guidelines on the roles and responsibilities of each governing body.

#### Principle 9

9. The operational management of the SWF should implement the SWF's strategies in an independent manner and in accordance with clearly defined responsibilities.

While the Government provides clear mandates to INA and is represented by the two ministers in the Supervisory Board, they do not direct nor interfere in INA's investment decisions.

INA assesses and executes its investment strategy independently and is responsible for the overall portfolio performance. INA also reports regularly to the Supervisory Board and the Government.

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#### Principle 10

10. The accountability framework for the SWF's operations should be clearly defined in the relevant legislation, charter, other constitutive documents, or management agreement.

Law 11 and PP 74 specify the appointment, roles, and responsibilities of the Board of Directors and the Supervisory Board. These regulations are publicly available and accessible. Refer to GAPP 1 for attachments.

INA is managed by five members of the Board of Directors, selected by the Supervisory Board from diverse professional backgrounds. In managing daily operations, the Board of Directors is supervised and advised by the Supervisory Board, appointed by the President and comprises two ex-officio members (the Minister of Finance and the Minister of the SOE) three independent professionals.

Implementing INA's appointment mechanism, roles, and responsibilities is further defined in the Supervisory Board's policies and the Board of Directors' policies, as mandated in PP 74.

PP 74 mandates the Board of Directors to formulate policies in the following matters:

- asset management;
- risk management implementation;
- compliance;
- human resources;
- finance;
- legal;
- information system;
- audit;
- procurement of goods and services;
- work plan; and
- remuneration for the Supervisory Board and the Board of Directors.

INA currently has 36 policies to govern its operation.

#### Principle 11

11. An annual report and accompanying financial statements on the SWF's operations and performance should be prepared in a timely fashion and in accordance with recognized international or national accounting standards in a consistent manner.

INA prepares quarterly and annual audited financial statements in accordance with International Financial Accounting Standards (IFRS) issued by the International Accounting Standards Board ("IASB"). By the latest, the annual financial statement must be audited by an external independent public accounting firm on 31 March. All contingent liabilities and off-balance sheet items, if any, are included in the audited financial statements.

INA also prepares an annual report which consists of achievements, management analysis, macro and industry overviews, investments, financial highlights, funding, governance, risk management and sustainability reporting. The publication of INA's annual report is on our website ([www.ina.go.id](http://www.ina.go.id)) by 30 May, at the latest.

#### Principle 12

12. The SWF's operations and financial statements should be audited annually in accordance with recognized international or national auditing standards in a consistent manner.

INA prepares the financial statements with accounting standards in accordance with IFRS issued by IASB and audited annually by an independent external public accounting firm as required under PP 74.

The auditor is internationally recognized and taken from the "Big Four" accounting firms by revenue.

The external auditor conducts the audit in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants (IICPA or "SPAP"/Standar Profesional Akuntan Publik) and State Financial Audit Standards ("SPKN"/Standar Pemeriksaan Keuangan Negara) established by the State Audit Board of the Republic of Indonesia ("BPK"/Badan Pemeriksa Keuangan Republik Indonesia).

INA's Risk, Compliance, Internal Audit and Audit Committee review transactions and processes related to operational and investment activities and against prevailing laws and regulations. In addition, our external auditor also issues a compliance report under local auditing standard section 62 – Compliance Auditing Considerations in Audits of Governmental Entities and Recipients of Governmental Financial Assistance (which is similar to International Auditing Standard Section 801).

INA's accounting policy was set up in consultation with the Supervisory Board, and Audit Committee and then approved by the Board of Directors. The policy is also disclosed in the notes of INA's financial statements.

INA's audited financial statement is distributed to the Supervisory Board, Audit Committee and the President of Republic Indonesia, together with its annual report and annual responsibility report from the Supervisory Board.

The Compliance Report by the external auditor is distributed to the Supervisory Board, Audit Committee and State Audit Board of the Republic of Indonesia.

#### Principle 13

13. Professional and ethical standards should be clearly defined and made known to the members of the SWF's governing body(ies), management, and staff.

INA has several policies to define ethical norms and professional standards, including a code of ethics and professional conduct for the Board of Directors and employees, whistle-blowing system, risk management and conflict of interest. These policies have been communicated to all board members and employees to ensure a full understanding of and compliance with the policies.

PP 74 stipulates the process of selecting the Supervisory Board and Board of Directors, including the qualification requirements, period of service, roles, and responsibilities.

INA has standard qualification requirements and minimum professional standards for each level that align with roles and responsibilities and is stipulated in our human resources policy and organisational structure. INA has Directors & Officers Liability Insurance as protection for the Supervisory Board and Board of Directors in performing their duties as stipulated in PP 74 and the Supervisory Board policies.

#### Principle 14

14. Dealing with third parties for the purpose of the SWF's operational management should be based on economic and financial grounds, and follow clear rules and procedures.

INA follows clear guidelines in selecting partners for all its investments. These are stipulated in a specific Partner Selection Policy. When interacting with investors, INA is also guided by its Investor Relations Policy. Both policies were drafted by benchmarking international standards.

INA also follows best practices in its interactions with vendors and other third parties, ensuring transparency with well-articulated procedures. The approach is covered by the Procurement Policy.

#### Principle 15

15. SWF operations and activities in host countries should be conducted in compliance with all applicable regulatory and disclosure requirements of the countries in which they operate.

INA currently only operates in the Republic of Indonesia. It has not yet had any direct investment or activities in foreign countries, although there is potential for this in the future.

INA has legal and compliance divisions responsible for providing required legal support in carrying out its business activities and managing regulatory compliance. The investment and operation divisions work closely with them to ensure that all transactions carried out by INA are in accordance with laws and regulations to control any legal risks that INA might encounter.

#### Principle 16

16. The governance framework and objectives, as well as the manner in which the SWF's management is operationally independent from the owner, should be publicly disclosed.

INA commits to a solid governance framework guided by PP 74 on Indonesia Investment Authority and further stipulated in its Supervisory Board and Board of Directors policies.

INA has a two-tier board structure that comprises the Supervisory Board and the Board of Directors.

The Supervisory Board supervises and advises the Board of Directors. The Supervisory Board consists of two government representatives (Minister of Finance, as Chair, and Minister of SOE) and three independent professionals.

The Supervisory Board appoints the Board of Directors, which consists of five professionals responsible for the day-to-day management and have independency and full authority in investment decision making.

#### Principle 17

17. Relevant financial information regarding the SWF should be publicly disclosed to demonstrate its economic and financial orientation, so as to contribute to stability in international financial markets and enhance trust in recipient countries.

Any relevant information is disclosed in annual reports, such as achievements, management analysis, macro and industry overviews, investments, financial highlights, funding, governance, risk management and sustainability. The annual report and any updates on investments are published on our website ([www.ina.go.id](http://www.ina.go.id)) as required by law and regulation.

#### Pillar 3: Investment

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#### Principle 18

18. The SWF's investment policy should be clear and consistent with its defined objectives, risk tolerance, and investment strategy, as set by the owner or the governing body(ies), and be based on sound portfolio management principles.

18.1. The investment policy should guide the SWF's financial risk exposures and the possible use of leverage.

18.2. The investment policy should address the extent to which internal and/or external investment managers are used, the range of their activities and authority, and the process by which they are selected and their performance monitored.

18.3. A description of the investment policy of the SWF should be publicly disclosed.

The Board of Directors approve investment decisions while keeping the investments within the boundaries of the investment mandate from the government and INA's risk appetite. Any investments and risks taken are monitored with oversight from the Investment and Risk Committee and reported to the Board of Directors accordingly.

There is currently no allocation to external investment managers. As INA grows, clear mandates will be given to both internal and external managers to define the range of their activities and authority.

INA investment process follows the guidelines clearly written in the Investment Policy, ensuring transparency from deal sourcing to closing to portfolio monitoring and exit.

#### Principle 19

19. The SWF's investment decisions should aim to maximize risk-adjusted financial returns in a manner consistent with its investment policy, and based on economic and financial grounds.

19.1. If investment decisions are subject to other than economic and financial considerations, these should be clearly set out in the investment policy and be publicly disclosed.

19.2. The management of an SWF's assets should be consistent with what is generally accepted as sound asset management principles.



INA carries a double mandate of supporting Indonesia's national development and achieving optimal financial returns. This mandate underpins INA's investment and financing strategies.

INA's investment strategies focus on identifying potential value creation for Indonesia with a long-term outlook on its investment.

The Board of Directors makes all investment decisions based on the recommendation of an Investment Committee that is governed by an Investment Charter which has been drafted based on international investing best practices.

The Supervisory Board has the duty of conducting supervision of the management of INA conducted by the Board of Directors.

Investment decisions are the authority of the Board of Directors.

Based on the Law 11 (Article 167 (7)) and PP 74 (Article 30 (2)), the Board of Directors carries out the operations of INA.

Regarding investment decisions, the Board of Directors establishes an Investment Committee, whose task is to provide recommendations to the Board of Directors regarding investment decisions.

The Supervisory Board does not take part in making decisions for investment.

INA's Investment Policy also follows internationally benchmarked best practices and is designed to govern a robust investment process, ensuring INA's investment decisions are made according to sound economic and financial considerations.

In the annual report, INA provides reviews of its portfolio and select pipeline of investments.

#### Principle 20

20. The SWF should not seek or take advantage of privileged information or inappropriate influence by the broader government in competing with private entities.

INA maintains the highest level of ethical standards and accountability in its operations. This is governed by an Integrity Pact that signed by the Board of Directors and all employees and renewed annually.

The Integrity Pact ensures commitments to prevent any collusion or nepotism and ensure no conflict of interest.

INA does not have, nor does it seek, access to privileged information. INA operates under a robust legal framework and international governance standards to prevent inappropriate access to, and the use of, confidential information.

#### Principle 21

21. SWFs view shareholder ownership rights as a fundamental element of their equity investments' value. If an SWF chooses to exercise its ownership rights, it should do so in a manner that is consistent with its investment policy and protects the financial value of its investments. The SWF should publicly disclose its general approach to voting securities of listed entities, including the key factors guiding its exercise of ownership rights.

INA follows a careful approach in structuring its investments as each transaction is unique, which requires a bespoke approach. INA follows best practices and guidance from international advisors when considering investment structures, including having appropriate investor rights and protection.

INA exercises ownership rights in its investments to ensure its financial returns mandate is achieved and that the interest of its stakeholders is protected.

#### Principle 22

22. The SWF should have a framework that identifies, assesses, and manages the risks of its operations.

22.1. The risk management framework should include reliable information and timely reporting systems, which should enable the adequate monitoring and management of relevant risks within acceptable parameters and levels, control and incentive mechanisms, codes of conduct, business continuity planning, and an independent audit function.

22.2. The general approach to the SWF's risk management framework should be publicly disclosed.

#### Principle 23

23. The assets and investment performance (absolute and relative to benchmarks, if any) of the SWF should be measured and reported to the owner according to clearly defined principles or standards.

INA conducts an internal performance evaluation of its investments every quarter, which is annually validated by an independent consultant. The valuation is signed off by the Finance and Risk divisions and reported to the Board of Directors. The result will be reflected in the financial statements in accordance with IFRS, INA's accounting and valuation policies.

All INA's assets and investments are actively monitored by the investment team as stipulated in the Investment Policy.

The investment team and treasury team jointly monitor and report the performance of portfolio companies to the Board of Directors and its stakeholders. Where applicable, the report includes tracking against targets and value creations identified as part of the investment decisions.

The standard measurement of investment performance is stipulated in INA's accounting policy.

#### Principle 24

24. A process of regular review of the implementation of the GAPP should be engaged in by or on behalf of the SWF.

This is the first self-assessment of compliance with the Santiago Principles. Each Director scrutinises the self-assessment preparation of the GAPPs pertinent to their respective division, which is then, in totality, reviewed and approved by the Board of Directors. The self-assessment of the GAPPs implementation will take place every three years.