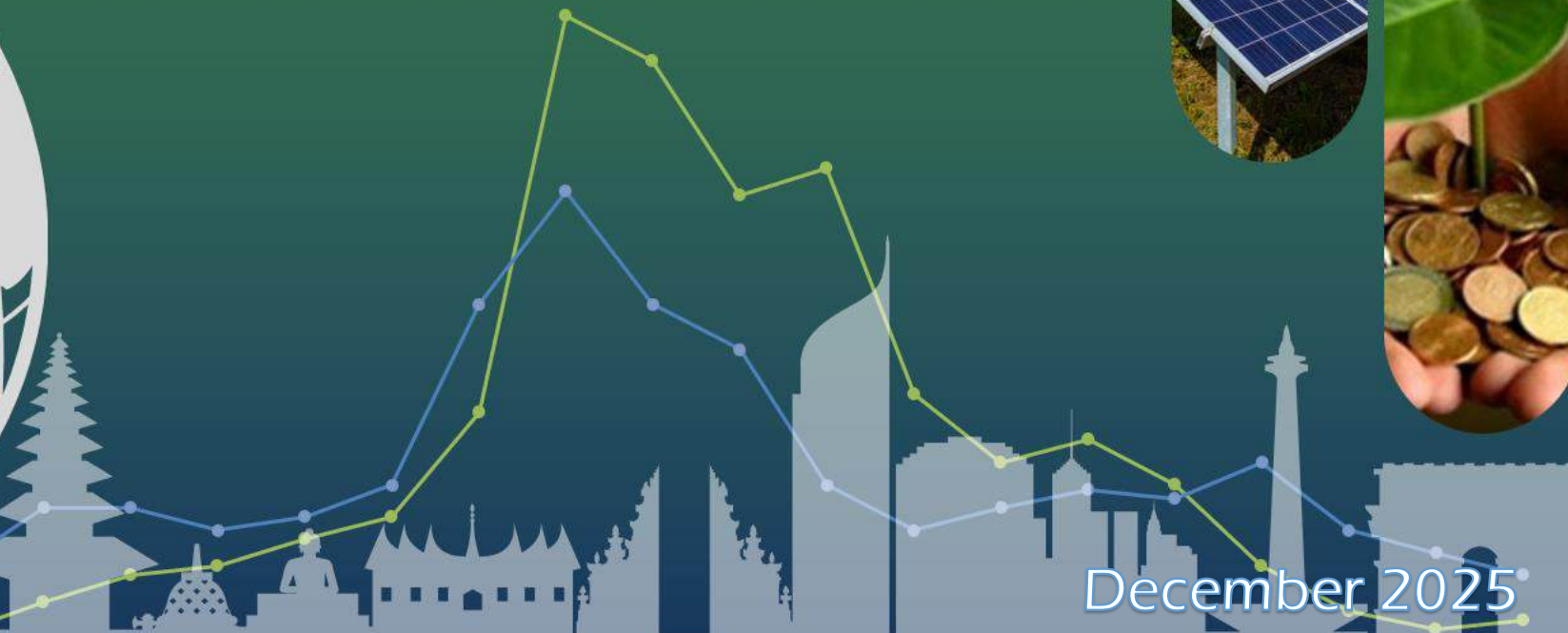


Presentation Book

# Investor Relation Unit ★ Republic of Indonesia

*“Strong and Resilient: Synergy of Higher and More Sustainable Growth”*



# About Investor Relations Unit of the Republic of Indonesia



Investor Relations Unit (IRU) of the Republic of Indonesia has been established through a collaborative effort between the Coordinating Ministry of Economic Affairs, the Ministry of Finance and Bank Indonesia since 2005. The primary objective of IRU is to actively communicate Indonesian economic policies and to address the concerns of investors, particularly those in financial markets.

As an important part of its communication strategy, IRU maintains a website hosted under Bank Indonesia website, which is administered by the International Department of Bank Indonesia. However, day-to-day activities of IRU are supported by all relevant government agencies, among others: Bank Indonesia, Ministry of Finance, Coordinating Ministry for Economic Affairs, Ministry of Investment, Financial Services Authority, Ministry of State-Owned Enterprises, and The Committee for Acceleration of Priority Infrastructure Delivery.

IRU also actively engages with investors by organizing a monthly Investor Conference Call. Additionally, it promptly addresses inquiries through email and telephone channels. Furthermore, IRU may also facilitates direct visit of banks/financial institutions to Bank Indonesia and other relevant government offices. This multifaceted approach underscores the commitment of the IRU to foster transparent communication and address the needs of the investors.

Published by Investor Relations Unit – Republic of Indonesia

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# Green Policy

***“Indonesia's Climate Resilience: Strong  
Commitment, Bright Future”***





## Inclusive Growth, Sustainable Future: Indonesia's Commitment to Green and Sustainable Finance

Amid unprecedented global challenges, Indonesia remains resolute in its efforts to promote inclusive and resilient economic growth. Classical risks such as inflation, trade tensions, social unrest, and geopolitical conflicts persist, alongside emerging challenges such as high debt levels, sluggish growth, evolving technology, and urgent climate concerns, shaping an uncertain decade ahead. Indonesia pledges to expand and fortify initiatives for a sustainable, inclusive economy and to bolster financial frameworks supporting long-term economic health. The government will enhance policy coordination across sectors to foster a stable, inclusive, and environmentally conscious financial system. Addressing climate change and environmental preservation requires collaborative efforts, leveraging the potential of all stakeholders to maximize impact.

# Indonesia Commitment Towards Climate Change Agenda



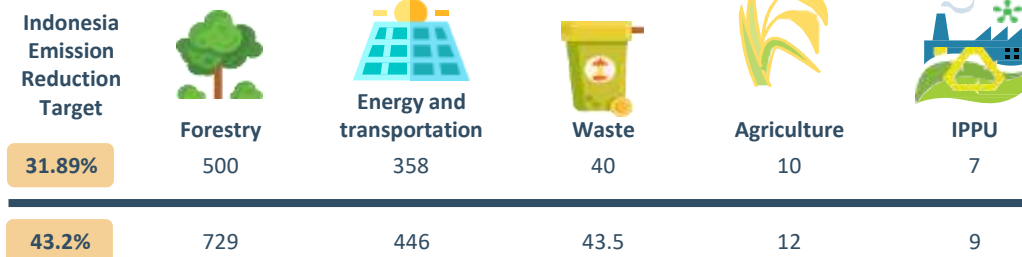
## Paris Agreement and Enhanced Nationally Determined Contribution (NDC) 2030

**Target:**  
**31.89%** with current financial capacity  
**43.2%** with International Support

### Mention on:

- First NDC (2016)
- Updated NDC (2021)
- Enhanced NDC (2022)

## Emission Reduction Targets based on Sector according to NDC (M Ton CO<sub>2</sub>e)



## Policy Strengthening and Implementation

Carbon Pricing	Carbon trading	Climate Change Financing	Technology Development and Transfer	Capacity Building
	Carbon Tax (Tarif minimum: Rp30/Kg CO <sub>2</sub> e)			

**1** Economic Resilience

## Climate Resilience

**2** Social Resilience

**3** Environment Resilience

## ADAPTATION

## Long-Term Strategy for Low Carbon and Climate Resilience 2050

### Mandate from:

- Paris Agreement Article. 4.19
- Dec.1/CP.21 Para 35

### LCCP Scenario:

- Emission Peak on 5 sector on 2030 = 540 M ton CO<sub>2</sub>e
- Net-Sink FOLU in 2030
- Net Zero Emission in 2060

## Climate Change Mitigation Financing Needs

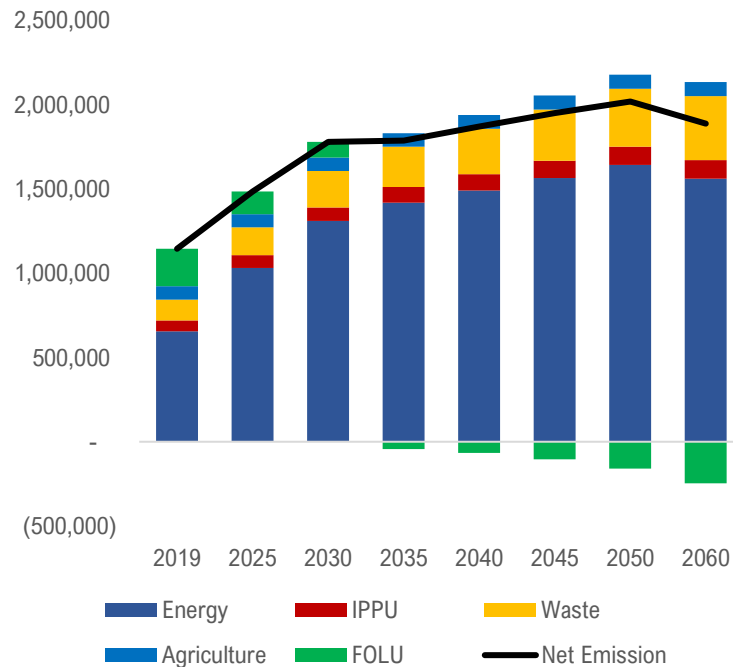
Reference	Scope	Cost/Impact estimation
Second Biennial Update Report, KLHK (2021)	Climate Change Mitigation Cost to achieve NDC	Accumulative Mitigation Cost until 2030= USD 281 Billion
Roadmap NDC Mitigation Indonesia, KLHK (2020)	Climate Change Mitigation Cost to achieve NDC(using the mitigation action cost approach)	Accumulative Mitigation Cost until 2030 = USD 263.5 Billion (USD 23.96 Billion/year)

- The current financing capacity to achieve the NDC target is still insufficient.

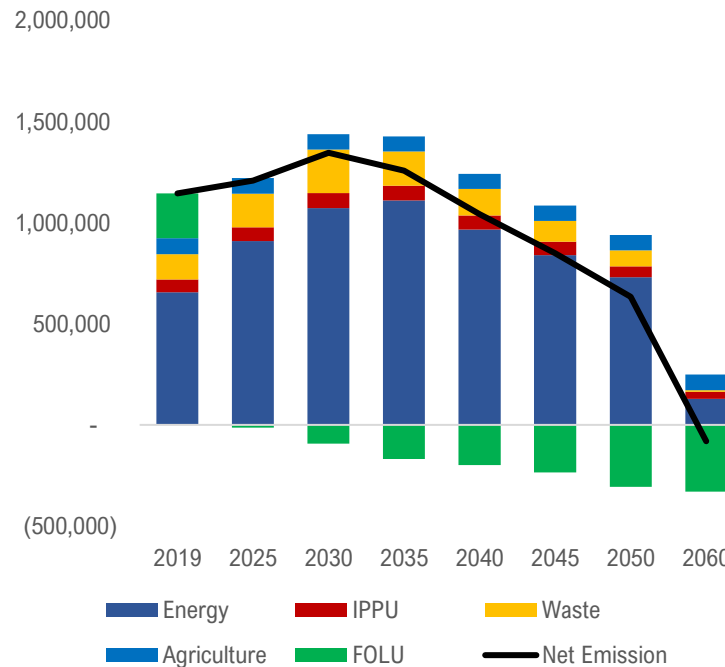
# Indonesia's NDC 3.0 dan Net Zero Emission Target



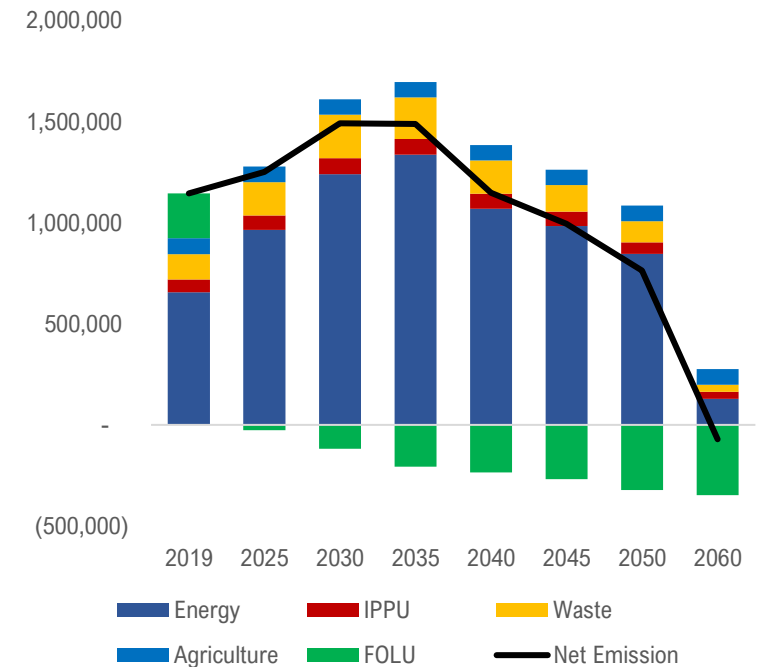
## Current Policy Scenario (CPOS)



## LCCP\_L Scenario



## LCCP\_H Scenario



Based on the **CPOS**, by **2030 emission levels** are projected to be **55.5% higher** than the reference year (2019 levels). Meanwhile, the **LCCP\_L** and **LCCP\_H** scenarios indicate that emissions will be **17.5%** and **30.3%** above the reference year, respectively.

Through the **LCCP** scenario, Indonesia projects that **greenhouse gas (GHG) emissions will peak in 2030**.

Under the **LCCP\_L** scenario, **economic growth** is projected to reach **6% in 2030** and **6.7% in 2035**. Meanwhile, under the **LCCP\_H** scenario—aligned with the 8% growth target in 2029—growth is projected to reach **7% in 2030** and **8.3% in 2045**.

*CPOS: Current Policy Scenario*

*LCCP\_L: Low Carbon Scenario Compatible with Paris Agreement\_Lower Economic Growth*

*LCCP\_H: Low Carbon Scenario Compatible with Paris Agreement\_High Economic Growth*

Source: Ministry of Environment and Forestry (2025)



## Long Term Vision and Commitment

Rencana Pembangunan Jangka Menengah Nasional (RPJMN) 2020-2024

Enhanced Nationally Determined Contribution (ENDC)

Long-Term Strategy for Low Carbon and Climate Resilience (LTS-LCCR) 2050

Sustainable and Green Economy






### Visi Jangka Panjang

"A Just, Prosperous, and Developed Country in 2045"

"A Low Carbon and Climate Resilient Nation"






"Net Zero Emission by 2060 or sooner"

## Enhanced NDC Target & financial needs (Mton CO<sub>2</sub>e)

							
		FOLU	Energy	IPPU	Waste	Agriculture	Total
CM 1	31,89%	500	358	7	40	10	915
CM 2	43,20%	729	446	9	43,5	12	1.239,5

In 2022, the Indonesian Government submitted its Enhanced Nationally Determined Contribution (ENDC) to the UNFCCC with a more ambitious emission reduction target by 2030. The financial requirements for the Enhanced NDC are still being estimated. The estimated financial need to achieve the previous target in Indonesia's updated NDC (29% in 2030) is around USD 281.23 billion (IDR 4,002 trillion).

## Mitigation Financing Needed

					TOTAL	
Land & Forestry	Energy & Transportation	IPPU	Waste	Agriculture		
309,01	3.500,00	0,93	185,27	7,23	4.002,44	IDR Triliun
21,86	245,99	0,07	12,99	0,50	281,23	USD Milyar






The financial need to implement **adaptation actions** is estimated at around **USD 2.3 – 12.14 billion** to build resilience and adaptive capacity to reduce the risk of losses of up to 2.87% of GDP.

**For Second NDC (2031 – 2035)**, Indonesia require an estimated total investment of **USD 472.6 billion** to achieve the target. This financing need, allocated across four sector categories (energy, agriculture, FOLU, and waste), is likely underestimated as it does not yet account for the industrial processes and product use (IPPU)

# The Consequences of Funding for Climate Change Mitigation



## Funding Needs for Mitigation

					TOTAL	Unit
Forestry	Energy & Transportation	IPPU	Waste	Agriculture	4.002,44	IDR Trillion
309,01	3.500,00	0,93	185,27	7,23		

## Funding Needs for Adaptation

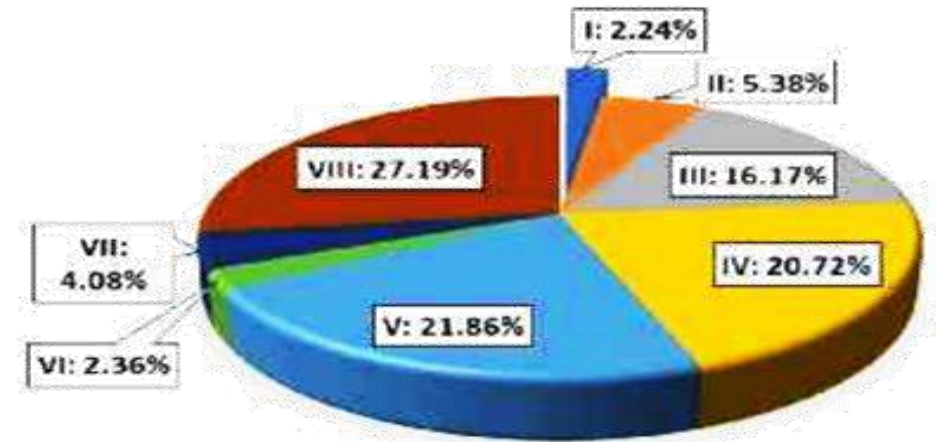
### Based on Third BUR

Financial requirement to implement adaptation action is estimated at about USD 2.3 – 12.14 billion to build resiliency and adaptive capacity to reduce the risk of loss to 2.87% of GDP.

### Within the Adaptation NDC Roadmap

Assuming an investment ratio of 30% of the estimated economic losses of 0.66% to 3.45% of GDP (Rp110.38 trillion to Rp577.01 trillion; 2020 Rupiah value), the estimated cost of adaptation is around Rp33.12 trillion to Rp173.19 trillion.

Funding for roadmap governance (5% - 10%) and implementation of adaptation (90% - 95%).



- I. Policy Instrument
- II. Integration of development planning and finance
- III. Increasing climate literacy
- IV. Spatial-based approach
- V. Strengthening local capacity in best practices
- VI. Improvement of knowledge management
- VII. Stakeholder Participation
- VIII. Adaptive Technology Adaptation

# Climate Finance Strategy



## FINANCING RESOURCES

### DOMESTIC

#### APBN

- Tax incentive
- Central Gov. Expenditure
- Provincial Gov. Expenditure (APBD dan Dana Desa)
- Other Financing (Green Sukuk, SDGs Bond, Blue Bond, Disaster Pooling Fund)

#### Non-APBN

- Carbon Trading
- Private Sector Investment and CSR
- Financial Sector Services (Bank and Non-Bank)
- Capital Market
- Philantropies
- SMV\*

### INTERNATIONAL

#### Bilateral

- Sovereign
- Private

#### Multilateral

- Green Climate Fund
- Global Environment Facility
- Adaptation Fund
- MDBs
- IFIs
- Carbon Trading

#### National Trust Fund



Indonesia Climate Change Trust Fund (ICCTF)

#### National Public Service Agency



Indonesia Environment Fund (BPD LH)

#### \*MOF Special Mission Vehicle



#### PT. SMI as Country Platform of:

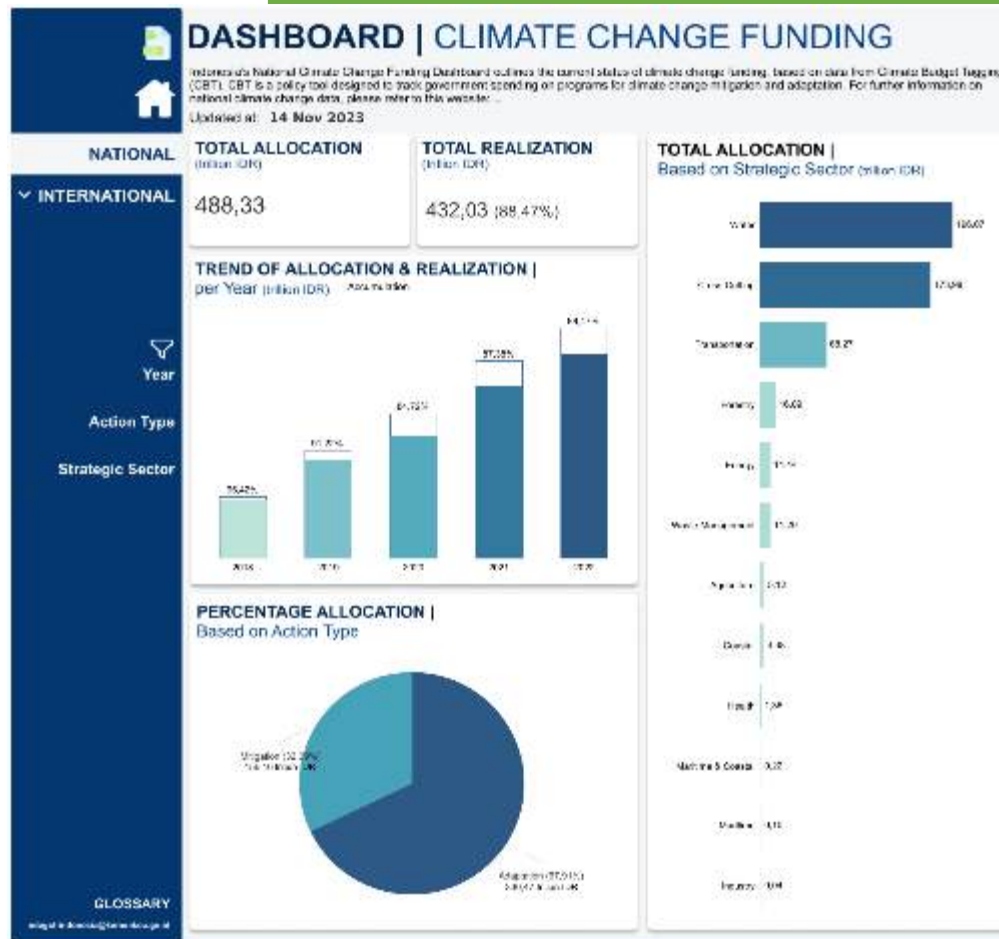


ENERGY TRANSITION MECHANISM (ETM)

# Climate Change Funding Dashboard



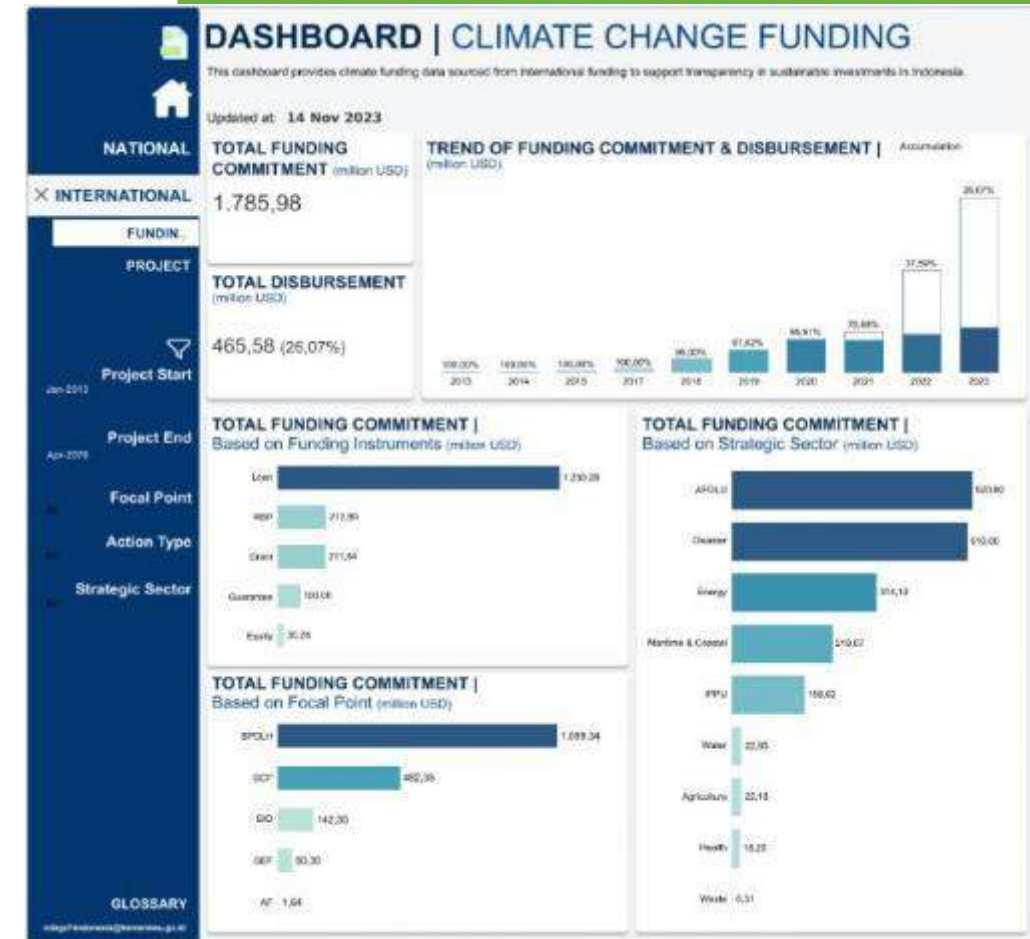
## Climate change funding from the State Budget



Showing the status of climate change funding in Indonesia, sourced from the national budget (APBN) and international funds.

This serves as a form of climate finance transparency to the public to support sustainable investment.

## Climate change funding from international resources



AKSES: <https://fiskal.kemenkeu.go.id/cffp/en/dashboard/>

## STATE REVENUE



State revenue policies are directed towards maintaining the **sustainability of natural resources and environmental management**, stimulating **investment in renewable energy and clean technology**, and ensuring a **just and affordable transition**.

- Tax facilities to stimulate renewable energy, EV, and clean technology investment (VAT cut, property tax cut, tax allowance, tax holiday, luxury tax cut for EV)
- Import duty exemption on renewable energy and/or clean technology machines and equipment.
- Non-tax revenue from forestry, fishery, and geothermal management.
- Preparation of imposing carbon tax to Coal-Fired Power Plant

## STATE EXPENDITURE



State expenditure policies also supporting a **low-carbon and climate-resilient development**, strengthening the capacity of regional expenditure through **ecological fiscal transfer**, providing fiscal buffers for **disaster financing**, and developing **green infrastructures**.

- Line Ministries mitigation and adaptation budget/spending
- Ecological Fiscal Transfer, indirect climate-related fiscal transfer such as Physical Special Allocation Fund (DAK Fisik), regional incentive fund (DID), profit sharing fund from sustainable natural resources management (DBH-DR, DBH Panas Bumi).
- Disaster Risk Financing

## BUDGET FINANCING



The financing policy is aimed to **greening the financing** through ESG framework and promote more sustainable innovative financing instruments through the implementation of **Green Bond/Sukuk Framework** and **SDG Government Securities Framework**.

- The issuance of Global Green Sukuk and Retail Green Sukuk
- The issuance of SDG Bond that consist of Social Focus, Green Focus, and Blue Focus.

# Fiscal Incentives for Renewable Energy Sources and Green and Blue Economy



## **Tax Holiday**

PMK 130/2020

100% corporate income tax reduction for up to 20 years for pioneer industries: motor vehicle manufacturing, including electric vehicles, and upstream basic metal industry, including nickel smelters for battery production.



## **Tax Allowance**

PP 78/2019

Income tax facilities for specific industries in certain areas, including nickel mining, battery stone industry, and motor vehicle manufacturing.



## **Super Deduction for Vocational Education Income Tax**

PMK 128/2019

Income tax facilities up to 200% for vocational activities in the industry, focusing on competencies that drive the electric vehicle ecosystem.



## **Super Deduction for R&D Income Tax**

PMK 153/2020

Income tax facilities up to 300% for R&D activities in Indonesia, including R&D related to electric vehicles and their components.



## **Tax Facilities For Special Economic Zones**

PP 40/2021 – PMK 33/2021

Tax incentives in Special Economic Zones include: Tax Holiday for SEZs, exemption of customs duties on capital goods imports, and exemption of VAT on imports/delivery of capital goods.



## **Exemption from Customs Duties**

PMK 176 Th 2009 jo PMK 188 Th 2015  
PMK 66 Tahun 2016  
PMK 26/ 2022

Customs duty exemption for investment in and development of electric power generation industry. 0% import duty for incompletely knocked down (IKD) electric vehicles and 0% import duty for completely knocked down (CKD) electric vehicles under various FTA/CEPA agreements including with Korea and China.



## **Government-borne VAT and exemption**

PP 49/2022  
PMK 38/2023

VAT exemption for mining goods including nickel ore used as raw material for electric vehicle batteries, and for imported machinery and factory equipment (including motor vehicle industry). Government covers VAT for electric cars and buses, at rates of 11%/10%/5% based on domestic component value.



## **Luxury Goods Sales Tax 0%**

PP 74/2021

0% PPNBM (Luxury Goods Sales Tax) for electric vehicles using battery electric vehicle or fuel cell electric vehicle technology.



## **Local Tax Incentives (PKB)**

Permendagri 6 tahun 2023

Local tax incentives include a 0% reduction in vehicle registration fees (BBN-KB) and motor vehicle tax (PKB).



## **Subsidy for the Purchase of Electric Motorcycles**

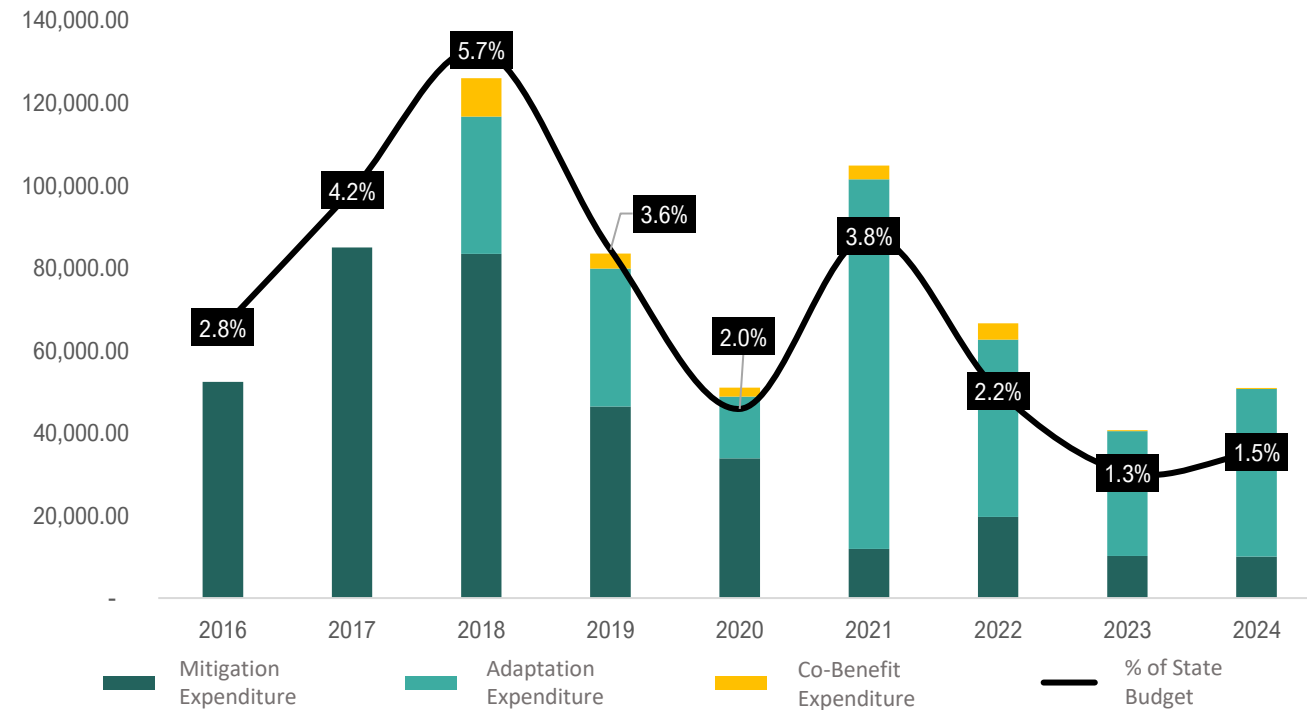
Permen Perindustrian 21/ 2023

Subsidy of Rp7 million for the purchase of electric motorcycles per person.

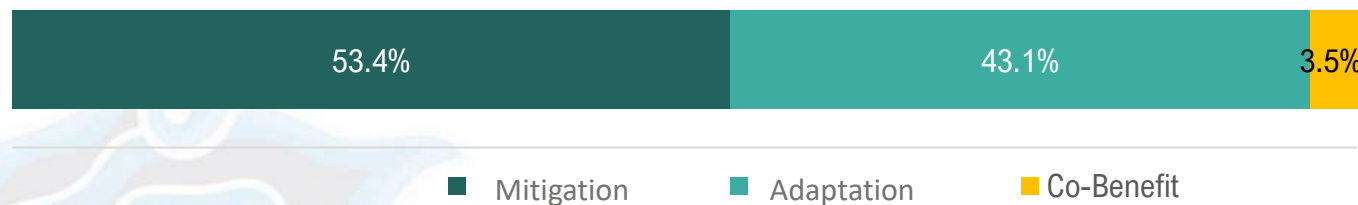
# Climate-Related Central Government Expenditure through Budget Tagging



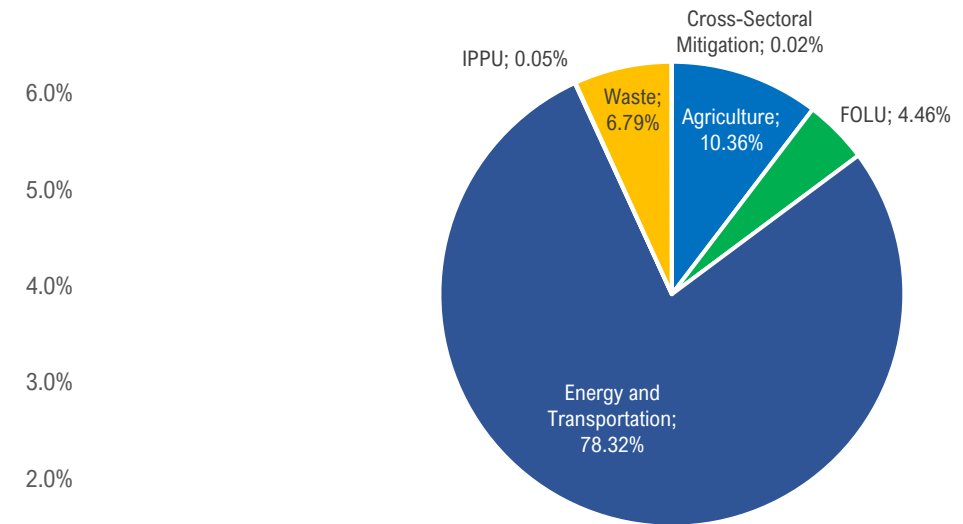
## Central Government Expenditure for Climate Action 2016–2024 (IDR Billion)



## CUMMULATIVE ACTION PROPORTION (2016-2024)



## MITIGATION ALLOCATION BY SECTOR (2016-2024)



## AVERAGE ANNUAL CLIMATE EXPENDITURE IN STATE BUDGET (2018-2024)

IDR 73.5 Trillion (USD 4.4 billion\*)

\*1 USD = 16.859,2 IDR

3% of State Budget



## Mitigation Financing Gap

(Only mitigation actions during 2018–2024 and compared with mitigation financing needs as outlined in the 3rd Biennial Update Report (BUR))



# Indonesia Sustainable Finance Regulatory Framework



## Law No. 4 of 2023 on Development and Strengthening the Financial Sector (Financial Sector Omnibus Law/FSOL)

### Sustainable Finance (SF)

An **ecosystem** with comprehensive support, including policies, regulations, norms, standards, products, transactions, and financial services that align with economic, environmental, and social interests in **financing sustainable activities and financing the transition to sustainable economic growth.**

### The Sustainable Finance Implementation in the Financial Sector

**Financial institutions (FIs), financial market infrastructure, payment systems, supporting institutions in the financial sector, and other financial sector institutions** that conduct business activities both conventionally and in accordance with Sharia principles, are required to implement Sustainable Finance.

## Sustainable Finance Implementation (Article 222)

### Role of Financial Sector Business Actors, Issuers and Public Companies

1. Implementing Sustainable Finance in their business activities.
2. Conducting:
  - a. business practices and investment strategies that **integrate environmental, social and governance**; and
  - b. **products, transactions, and services development** for sustainable activities and transition financing.
3. Developing **capacity on Sustainable Finance.**
4. **Publishing the Sustainability Report** as part of performance accountability for the implementation of Sustainable Finance.

### Role of Regulators

Further provisions regarding the implementation of Sustainable Finance shall be regulated by **the financial sector authority and the Ministry of Finance in accordance with their duties and authorities.**



## Establishment of Sustainable Finance Committee (Article 223-224)



To develop Sustainable Finance, the **Ministry of Finance, Indonesia Financial Services Authority (OJK), and Bank Indonesia** conduct:

1. Coordination in developing and establishing **Sustainable Finance strategies, policies, and programs**;
2. **Optimization of** fiscal, microprudential, monetary, payment system, and macroprudential supporting policies\*;
3. Development of **database and infrastructure\*\*** to support the implementation of Sustainable Finance; and
4. Coordination in **developing a sustainable taxonomy.**

\*) **Optimization of supporting policies, including:**

- **The Ministry of Finance** is responsible for developing and establishing **fiscal policy instruments** to support the development of Sustainable Finance.
- **OJK is responsible for supervising and enhancing the performance of the financial services sector in developing Sustainable Finance.**
- **Bank Indonesia** is responsible for supporting the implementation of Sustainable Finance to maintain economic and financial stability from climate change threats.

\*\*) **The supporting infrastructure** for the Sustainable Finance implementation includes **verification, certification, competency development of related professions, development of sustainability report standards, and securities rating institutions.**

### Next Step

**Government Regulation on Sustainable Finance Committee and Sustainable Taxonomy**

# OJK's Sustainable Finance Journey & Going Forward



## 2015 - 2021

- Sustainable Finance Roadmap Phase I (2015 -2019)
- **Regulation on the Implementation of Sustainable Finance** for Financial Services Institutions, Issuer Companies, and Public Companies (**POJK 51 of 2017**)
- **Regulation on Green Bonds** Issuance (**POJK 60 of 2017**)
- Incentives for the development of Electric Vehicle (EV) Ecosystem financing
- Sustainable Finance Roadmap Phase II (2021-2025)
- Establishment of Sustainable Finance Task Force in the Financial Services Sector

## 2022-2023

- **Indonesia Green Taxonomy Version 1.0**
- Consultative Paper "Principles for the effective management and supervision of climate-related financial risks"
- Incentive to financing and insurance companies to support EV financing
- Regulation on Carbon Trading through the Carbon Exchange (**POJK 14 of 2023**)
- Regulation on Commercial Banks Governance, including climate risk (**POJK 17 of 2023**)
- **Regulation on Sustainability Bond/Sukuk** Issuance (**POJK 18 of 2023**)

## 2024 - 2025

- **Indonesia Taxonomy for Sustainable Finance (TKBI) Version 1** – Energy Sector and pilot project
- Issuance and implementation of **Climate Risk Management & Scenario Analysis (CRMS)** and pilot project
- Launch of **Accelerator Program for Bond and/or Sukuk based on Sustainability (EBUS)**
- **Recognition of Indonesia's Sustainable Finance as entering the Maturing Phase (since 2021) by SBFN**, the highest among other Emerging Markets and Developing Economies (EMDEs).
- Launch of **International Carbon Trading** (January 2025).
- **TKBI Version 2 (February 2025)**  
Sector Coverage: **Construction & Real Estate (C&RE), Transportation & Storage (T&S), and some activities in the AFOLU sector**



## Going Forward

### OJK-wide

- **Development of TKBI to cover all NDC-related sectors (2026)**
- **Updating the OJK Regulation No. 51/2017 to align with ISSB IFRS S1 and S2**
- **Preparation of guidance for the development of a transition plan to support the adoption of IFRS S1 and S2**
- **Digitalization of sustainability reporting systems and centralized database (TKBI, GHG emissions, SR)**
- Development of **Sustainable Finance Information Hub (SFIH)** with additional tools/features, including the **Taxonomy Navigator, CRMS Scope 1-3 emission calculation tools, Climate Scenario, and Projected Climate Data**
- Active participation of OJK in the **Sustainable Finance Committee establishment**
- **OJK's active involvement in the ASEAN Taxonomy Board to develop the ASEAN Taxonomy for Sustainable Finance Version 4**
- **SF workshops, seminars, and capacity building**

### Banking

- Issuance of **CRMS version 2 guidance and pilot project**
- **Industry Wide Stress Test (IWST)**
- **Banking Maturity Level Assessment** of Sustainable Finance Implementation
- Issuance of **carbon emissions reporting** for banks

### PMDK / Capital Market

- Development of **Sustainable Capital Market Roadmap**
- Accelerator Program for **Thematic Bonds and Sukuk Issuance**
- Expanding Incentives for **Sustainability-Based Bonds and Sukuk**
- Development of **carbon exchange** ecosystem and supervision

### PPDP / Insurance, Pension Fund, Guarantee

- Development of a **Sustainable Roadmap** in the PPDP sector
- **The Implementation Guidelines of Sustainable Finance** in the PPDP sector
- **Feasibility Study on CRMS Implementation** for PPDP

### PVML / Financing, Venture Capital, others

- **The Implementation Guidelines of Sustainable Finance** in the PVML sector
- **Mapping and Developing Sustainable Finance Products**

# OJK's Sustainability Finance Policies Highlights – Roadmap and Regulations



## Sustainable Finance Roadmap – Phase II (2021-2025)



Focus on the establishment of a comprehensive **Sustainable Finance ecosystem** with seven main components (**Policy, Products, Market Infrastructure, Coordination with Ministries/Institutions, Non-Governmental Support, Human Resources, Awareness**)



## POJK No. 51/POJK.03/2017

### on Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies

- Serves as an **umbrella policy** for the implementation of Sustainable Finance for Financial Institutions, Issuers, and Public Companies in Indonesia.
- Regulates the mandatory application of **Sustainable Finance Principles**, the submission of **Sustainable Finance Action Plans** for Financial Services Institutions, the submission of **Sustainability Reports** for Financial Services Institutions, Issuers and Public Companies, and the mandatory implementation of **Social and Environmental Responsibility (CSR)**.
- The implementation is carried out in stages.



## Indonesia Sustainable Finance Taxonomy (TKBI)



TKBI is a classification of economic activities that support Indonesia's Sustainable Development efforts and Goals, covering economic, environmental, and social aspects.



## Climate Risk and Scenario Analysis (CRMS)

- An integrated framework encompassing **governance, strategy, risk management, and disclosure aspects** to assess the resilience of banks' business models and strategies in facing climate change in the short, medium, and long term.
- It has been gradually implemented in the banking industry since 2023, with full implementation of climate risk management policies scheduled for 2026



## POJK 17/2023: Commercial Bank Governance

### Managing Climate Risk

- a. The Bank is obliged to **implement Good Governance in managing climate-related risks**
- b. In managing climate-related risks, the Bank must:
  - 1) develop and implement a **process to understand and assess the potential impact of climate-related risks** on the Bank's business and incorporate these risks into business strategy and risk management frameworks;
  - 2) **establish the roles and responsibilities of the Board of Directors, Board of Commissioners and relevant units within the Bank** in accordance with the organizational structure, coordination mechanisms for managing climate-related risks, and ensure effective oversight;
  - 3) Establish **suitable policies, procedures, and controls** to ensure effective climate risk management.
  - 4) **Consider climate-related risks** into the internal control framework through the three lines of defense to ensure that the identification, measurement, and mitigation of climate-related risks are conducted accurately, comprehensively, and effectively.



## POJK 14/2023: Carbon Trading



- On September 26, 2023, the **launch and inaugural trading of the carbon exchange** were conducted.
- **The launch of international carbon trading inauguration** was held in January 2025

The substance of the **Carbon Exchange POJK** includes:

1. **Carbon Units traded on the Carbon Exchange** are classified as Securities and must be registered in advance with the National Registry System for Climate Change Control (SRN-PPI) and the Carbon Exchange Operator.
2. **Entities authorized to conduct business activities as a Carbon Exchange** are market organizers that have obtained a business license as a Carbon Exchange Operator from the Financial Services Authority (OJK).
3. **OJK supervises Carbon Trading through the Carbon Exchange which includes:** Carbon Exchange Organizers, market infrastructure supporting Carbon Trading, users of Carbon Exchange services, Carbon Unit transaction and transaction settlement, Carbon Trading governance, Risk management, Consumer protection, Parties, products, and/or activities related to Carbon Trading through the Carbon Exchange.



## POJK 18/2023: Issuance and Requirements for Debt Securities and Sukuk Based on Sustainability

- Replaces/revokes **POJK 60/2017** on the Issuance and Requirements for Environmental-centric Debt Securities (Green Bond) by expanding the scope of issuance to **not only Environmental EBUS, but also Social EBUS, Sustainability EBUS, Waqf Sukuk, Sustainability-Related EBUS, and other sustainability-based EBUS as determined by OJK.**
- Sustainability-linked bond and/or sustainability-linked sukuk, also known as sustainability-linked EBUS, are debt securities and/or sukuk whose issuance is linked to the achievement of certain sustainability key performance indicators.

# Update Plan of POJK 51/POJK.03/2017 (1/2) (In Progress)



Jan 2023

## Law Number 4 of 2023 on the Development and Strengthening the Financial Sector

### Implementation of Sustainable Finance (Article 222)

#### PUSK, Issuers, and Public Companies

1. Business Actors of Financial Services (*Pelaku Usaha Jasa Keuangan/PUSK*), issuers, and public companies shall **implement Sustainable Finance in their business activities**.
2. In implementing Sustainable Finance, PUSK, issuers, and public companies shall:
  - a. carry out business practices and investment strategies that **integrate environmental, social, and governance (ESG) aspects**; and
  - b. **develop products, transactions, and financing services** for sustainable activities and transition financing.
3. PUSK, issuers, and public companies must **build capacity to implement Sustainable Finance**.
4. PUSK, issuers, and public companies shall prepare a **sustainability report as part of the accountability of their Sustainable Finance implementation performance**.

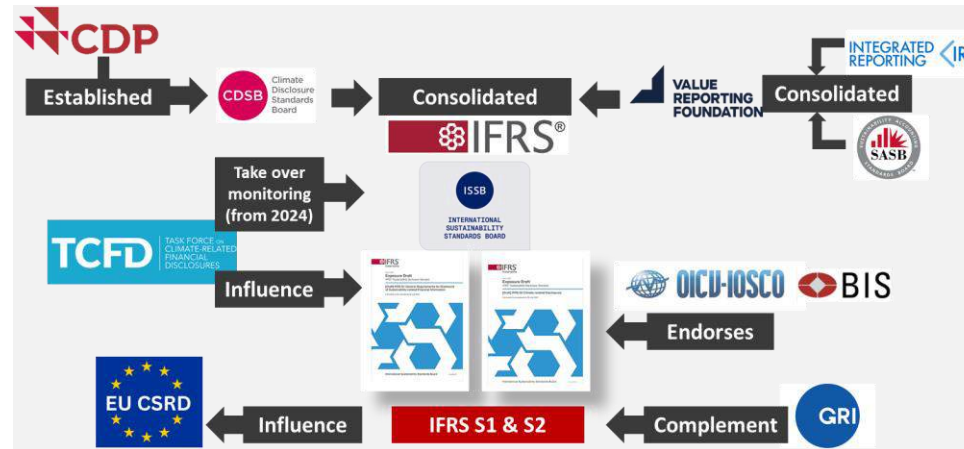
#### Regulator

Further provisions regarding the implementation of Sustainable Finance shall be regulated by the financial sector authority and ministry in accordance with their respective duties and authorities.



Jun 2023

## Development of Sustainability Standard and Framework



In June 2023, International Financial Reporting Standards (IFRS)-International Sustainability Standards Board (ISSB) issued **IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information** and **IFRS S2 Climate-related Disclosures**.

1. **IFRS S1** requires disclosures designed to enable entities to communicate sustainability-related risks and opportunities they face over the short, medium, and long term to investors. The focus is on general disclosure of sustainability-related financial information, as well as regulating the **conceptual foundation, core content, general requirements, judgment, uncertainty, and errors**.
2. **IFRS S2** requires disclosure of information regarding sustainability-related risks and opportunities that entities face over the short, medium, and long term to investors. The focus is specifically on **climate-related disclosures**.



IKATAN AKUNTAN INDONESIA  
Institute of Indonesia Chartered Accountants

Nov 2023 – saw the establishment of:

Indonesian Sustainability Standards Oversight Board (DPSK-IAI)

Indonesian Sustainability Standards Board (DSK-IAI)

December 2024 – saw the issuance of:

Sustainability Disclosure Standards Roadmap



1 July 2025

Adoption of the Sustainability Disclosure Standards by the Indonesian Institute of Accountants (IAI)



11 August 2025

The launch of Sustainability Disclosure Standards (SPK) 1 – General Requirements for Disclosure of Sustainability-related Financial Information and SPK 2 – Climate-related Disclosures



# Update Plan of POJK 51/POJK.03/2017 (2/2) (In Progress)



**Law Number 4 of 2023  
on the Development  
and Strengthening the  
Financial Sector  
(Article 222)**

**International Standards**

**IFRS S1 dan S2**



**National Standards**

**PSPK 1 dan 2**



**OJK Regulation on the Implementation of Sustainable Finance for PUSK,  
Issuers, and Public Companies**

**POJK 51/POJK.03/2017  
on Implementation of Sustainable Finance for  
Financial Services Institutions, Issuers, and  
Public Companies**

**“Inside-Out” Impacts**



**PSPK 1&2**

**“Outside-In” Impacts**



**OJK**

**2017-2021**

- POJK No. 51/POJK.03/2017 the Implementation of Sustainable Finance for Financial Service Institutions, Issuers, and Public Companies
- SEOJK No. 16/SEOJK.04/2017 the Form and Content of the Annual Report of Issuers or Public Companies

**UU P2SK**

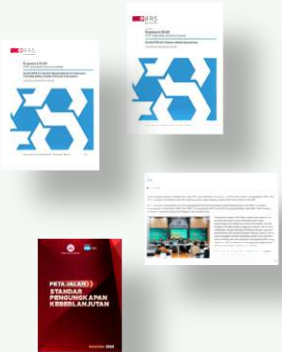
**January 2023**

The Development and Strengthening the Financial Sector Law (P2SK Law) mandates that Financial Service Institutions and Issuers to prepare a sustainability report as part of accountability for the implementation of Sustainable Finance

**IFRS-SSB**

**June 2023**

IFRS ISSB publishes IFRS S1 (*General Requirements for Disclosure of Sustainability-related Financial Information*) dan IFRS S2 (*Climate-related Disclosures*)



**DSK IAI**

**December 2024**

The establishment of Sustainability disclosure roadmap

**OJK**

**1 July 2025**

Adoption of Sustainability Disclosure Standards PSPK 1 and PSPK 2

**2025 - 2026**

- Academic study on the revision of POJK No. 51/POJK.03/2017
- Issuance of transition policies (ISFT/TKBI, CRMS, reporting system, etc.)
- Preparation for the implementation of PSPK 1 and PSPK 2

**2027 and onwards**

Effective implementation of PSPK 1 and PSPK 2

# OJK Initiatives in Preparation the Adoption of IFRS S1&S2 and Encouragement of the Development of Sustainability Disclosure Ecosystem



## 1 Developing Academic Studies on Sustainability Disclosure



### Scope of Study:

#### 1. Industry Readiness Analysis

- Assessing the current state and conducting benchmarking
- Mapping the maturity level of the industry
- Mapping financial industry coverage (scope expansion)
- Providing recommendations for improvement

#### 2. Market Gap Analysis

- Identification of sectoral needs beyond climate/IFRS Standards (BCBS, POJK 51/2017, GRI, TCFD, SASB, etc.)
- Identification of bridging policies (transition plans, etc.)

#### 3. Analysis of the Latest Global and Regional Updates on IFRS S1 and S2 Adoption

#### 4. Designing Sustainability Disclosure Framework

- Review of the current gap analysis (including bridging to future standards S3 and S4)

## 2 Preparing Bridging Policies (completed and ongoing)

### Policies

1. **TKBI Development and Implementation Pilot Project**
2. **Climate Risk Management & Scenario Analysis (CRMS) + Pilot Project**  
Covering aspects of governance, strategy, risk management, and disclosure to assess the resilience of the bank's business model and strategy in facing climate change.
3. **Transition Plan Guidance**, to help entities prepare a **transition/decarbonization plan** to reduce emissions and manage climate risk by understanding the components of the transition and their implications for business processes, thereby enabling them to formulate appropriate strategies. **Focus on internalizing the transition process within the organization's business activities**, not just for the purpose of disclosure (beyond disclosure purpose).
4. **Transition Finance Guidance** for different sectors
5. **Sustainability Maturity Assessment**
6. **Development of SF Roadmap** in different sectors

### Infrastructure and Data

1. Sustainability Report and Action Plan **Digitalization and Reporting System**
2. **Digitalization of green portfolio (TKBI) and GHG emissions reporting via APOLO starting in 2026**
3. **Development of the Indonesia Policy Climate Scenario**
4. **Enhancement of physical risk projection data until 2100**
5. **Development of financed emissions tool**

### Human Resources

1. **Capacity building on Sustainable Finance policies for supervisors and the financial industry**
2. **Public dissemination of SF policies and regulations**

### Stakeholders Collaboration

Coordination and collaboration with stakeholders at the national and international levels:

1. Sustainable Finance Committee
2. Ministries/Institutions
3. Financial Sector Business Actors, Issuers, and Public Companies
4. Professional Associations
5. Real sector industry
6. International Fora/Organizations (NGFS, ATB, IFRS-ISSB, BCBS, IOSCO, SBFN, ITPN, ACFM, WCCMD, AIRM, etc.)

Adoption of sustainability disclosure standards, Assurance/Verification Ecosystem, GHG emissions calculation methodology, development of databases, and collection of sustainability-related data

# TKBI Development and Implementation



TKBI is developed with the concept of “living document (in stages)” in accordance with national and regional policy developments

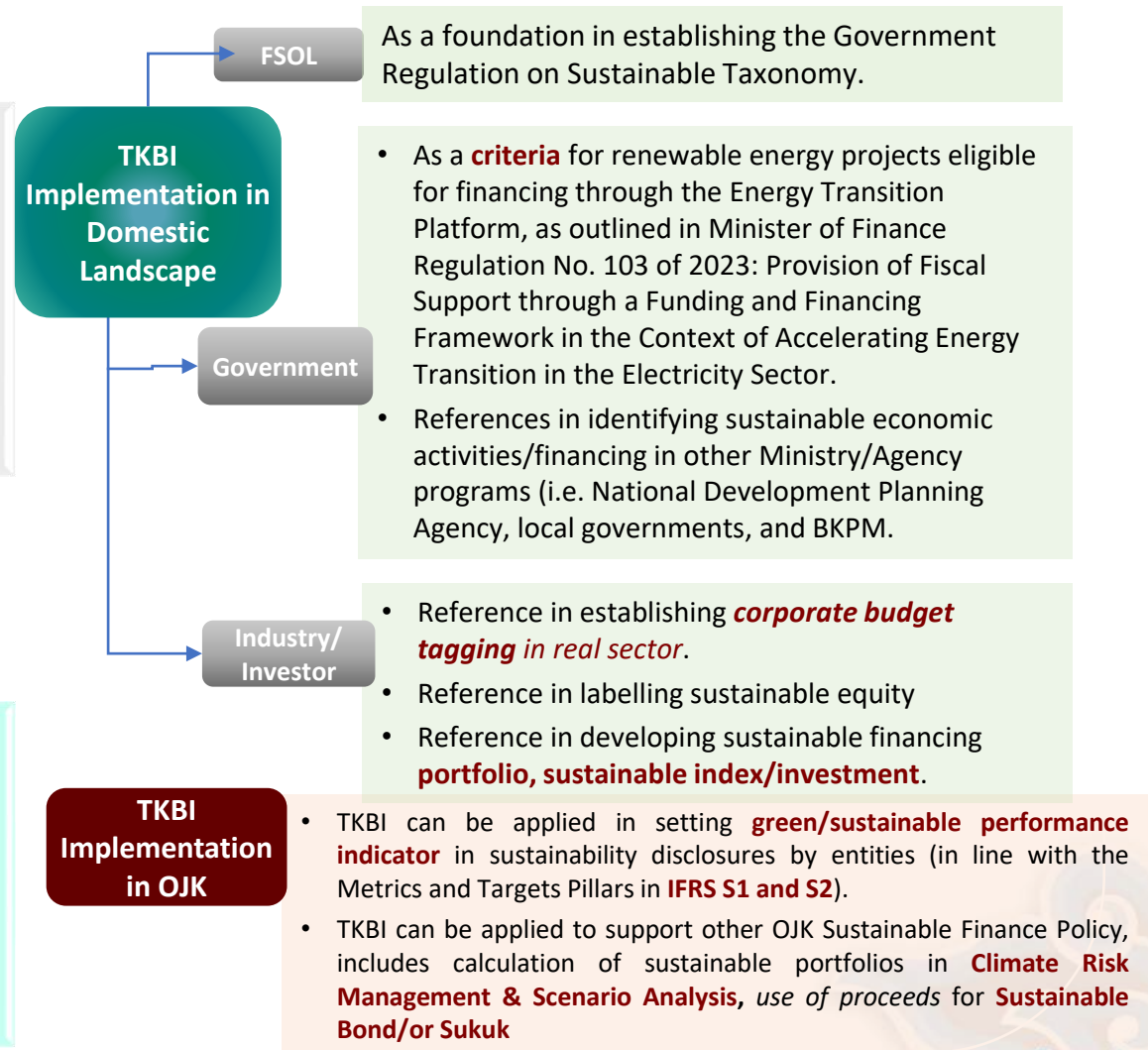
## ASEAN Taxonomy for Sustainable Finance (ATSF)



## Indonesia Taxonomy for Sustainable Finance (TKBI)



## Linkage of TKBI to Sustainable Finance Policy



# Framework of Indonesia Taxonomy for Sustainable Finance (TKBI)



TKBI is a classification of economic activities that supports Indonesia's Sustainable Development Goals, covering **economic, environmental and social aspects**.



Green		Transition	
General Principles	Remarks	General Principles	Remarks
In line with the <b>commitment of keeping the global temperature rise below 1.5°C</b> as per the Paris Agreement, including considering Indonesia's net zero emission by 2060 (or earlier) and fulfilling social aspects.	Activities that meet the " <b>Green</b> " criteria in one of the EO and all essential criteria, namely: <ol style="list-style-type: none"> <li>Does not cause damage/loss (DNSH) to other EO. In cases where such damage or loss occurs, RMT are conducted to mitigate the impact and ensure no further damage/loss is caused to other EO.</li> <li>Fulfill all Social Aspects</li> </ol>	Activities that are not currently aligned with the commitment to keep the global temperature rise, and have not embarked on the Net zero emissions pathway, however: <ul style="list-style-type: none"> <li><b>Transitioning</b> toward "Green" classification within a specified timeframe;</li> <li><b>Facilitating significant emission reductions</b> in a short or medium term with specific deadlines; or</li> <li><b>Encouraging other activities</b> to be sustainable. and fulfilling the social aspects.</li> </ul>	Activities that meet the " <b>Transition</b> " criteria in one of the EO and partially fulfill the ECs, namely: <ol style="list-style-type: none"> <li>Still causing damage/loss (DNSH) to other EO, despite after conducting remediation (RMT)</li> <li>Has a future improvement plan; and</li> <li>Comply with all social aspects.</li> </ol>

\*) Using ASEAN Taxonomy for Sustainable Finance as main reference.

# TKBI Sectoral Coverage



## Energy Sector

Number of Activity

20



**Indonesian Standard Industrial Classification (Klasifikasi Baku Lapangan Usaha Indonesia/ KBLI) Level 5**

Reference

- ASEAN Taxonomy for Sustainable Finance (ATSF)
- Domestic Policies on Coal Phase Out and critical mineral to support energy transition

Scope of Activity

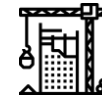
1. Electricity Generation (including Energy Efficiency)
2. Mining and Quarrying



## Construction and Real Estate Sector

Number of Activity

41



**KBLI Level 5**

Reference

- ASEAN Taxonomy for Sustainable Finance (ATSF)
- Domestic Policies and international standard on Green Building Certification, Credible Sustainable Construction Certification, and Housing Program for Low Income Communities

Scope of Activity

1. New Building Construction
2. Existing Building Construction/Renovation
3. Real Estate/Residential Area
4. Civil Engineering Construction
5. Demolition and Site Preparation
6. Renewable Technologies - Electrical Installation
7. Energy Efficient Equipment
8. Energy Performance Measurement, Regulation & Control
9. Enabling Activities that support the construction of main buildings as referred to in points 1) to 6).



## Transportation and Storage Sector

Number of Activity



95

**KBLI Level 5**

Reference

- ASEAN Taxonomy for Sustainable Finance (ATSF)
- Domestic Policies and international standard i.e. EURO, International Maritime Organization (IMO) GHG Strategy, International Civil Aviation Organization (ICAO), and Government's Sustainable Aviation Fuel (SAF) Roadmap

Scope of Activity

1. Bus Transportation for Passengers
2. Transportation by motorcycle, passenger car, and other commercial vehicles
3. Land Transportation for Goods
4. Non-Motorized Transportation for Passengers and Goods
5. Rail Transportation for Passengers
6. Rail Transportation for Goods
7. Road Infrastructure and Public Transportation
8. Infrastructure Supporting Rail Transportation
9. Water Transportation - Sea for Passengers and Retrofit
10. Water Transport - Sea for Goods and Retrofit
11. Water Transport - Rivers, Lakes and Crossings for Passengers and Retrofit
12. Water Transport - Rivers and Lakes for Goods and Retrofit
13. Infrastructure for Water Transport
14. Air Transport for Passengers and Goods
15. Airport Infrastructure
16. Enabling Activities



## AFOLU Sector

Number of Activity



38

**KBLI Level 5**

Reference

- Best practices in various global Taxonomy
- Domestic policies such as Sistem Verifikasi Legalitas dan Kelestarian (SVLK), Indonesian Sustainable Palm Oil (ISPO),
- Other sustainable AFOLU certification in national and international level.

Scope of Activity

1. Sustainable Forest Management
2. Plantation Forestry
3. Non-timber Forest Product
4. Forestry Supply Chain
5. Crops: Whole Production Unit)

In developing TKBI, various stakeholders are consulted including Sectoral Ministries, international and domestic stakeholders (ie. Think tanks, sectoral industry representatives/association, financial industry, academics, civil society organization, MSMEs, etc).

The FOLU sector already covers all economic activities in the KBLI, while Agriculture only covers Palm Oil Plantations. This coverage will be expanded by referring to ATSF Version 4, which will be published at the end of 2025.

# CRMS Framework



CRMS is an integrated framework that encompasses **governance, strategy, risk management and disclosure aspects** to assess the resilience of banks' business models and strategies in addressing climate change over the short, medium and long term.  
(Currently under development for version 2)

## Governance

Banks must implement a good governance related to climate risk:

1. Climate risk impact assessment
2. Responsibilities of the Board of Directors and commissioners
3. Climate risk management policies, procedures and controls
4. Assessment of climate-related risks through 3 (three) lines of defense

## Strategy

The Bank must integrate the potential impact of climate risk into its business strategy through the implementation of risk mitigation and *transition plan* towards low carbon business.

## Risk Management



### RISK IDENTIFICATION

#### CLIMATE-RELATED RISKS

#### TRANSITION RISK DRIVERS:

- Policy (Carbon Price/Tax, NZE Target)
- Technology: *Fossil Energy Phase Out*
- Market Sentiment

#### PHYSICAL RISK Drivers<sup>4)</sup>:

- Floods
- Forest Fires

### RISK MANAGEMENT FRAMEWORK

Credit Risk<sup>1)</sup>

Market Risk

Liquidity Risk

Operational Risk

Other Risk<sup>2)</sup>

**Quantitative**  
(Macroeconomic Variables, PD, LGD)

**Qualitative**  
(Description of impact on the Bank, e.g. impact on LCR and LDR, disruption of branch operations)



### PARAMETER STRESS TEST

TERM

**Short Term:**  
3 Years  
(2024-2026)

**LongTerm:**  
30 Years  
(2030, 2040, 2050)

B/S

**Dynamic and Static**

SECTOR COVERAGE

**Productive Credit for Priority Sectors<sup>3)</sup>**

**Property Ownership and Agriculture Loans**

$$CAR = \frac{Capital}{ATMR}$$

**NPL**

**CKPN<sup>5)</sup>**

*Qualitative analysis standard of risk parameters*

<sup>1)</sup> Based on practices in various countries, credit risk is currently the main focus that is analyzed quantitatively.

<sup>2)</sup> Other Risks include strategic, reputation, and compliance risks, among others.

<sup>3)</sup> Priority Sectors include Agriculture, Mining, Energy, Construction, Transportation, and Processing Industry

<sup>4)</sup> refers to disaster data available from BNPB and BMKG

<sup>5)</sup> CKPN (Cadangan Kerugian Penurunan Nilai)/Allowance for Impairment Losses

## Measurement and Target

The Bank shall measure and set targets to assess the impact of climate risks related to its business activities.

## Disclosure

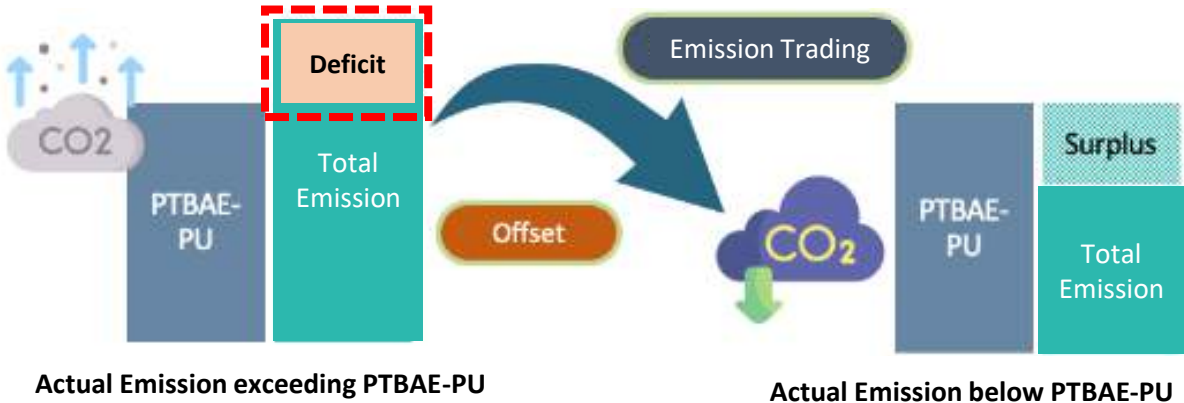
Banks must provide both qualitative and quantitative disclosures regarding the measurement of climate risk management.

# Overview of Carbon Trading



Carbon trading is a market-based mechanism for reducing GHG emissions through the buying and selling of carbon units.

## Carbon Trading



### Mechanism

Cap and Trade (and Tax)

### Carbon Unit

Carbon Allowance  
(*Persetujuan Teknis Batas Atas Emisi-Pelaku Usaha*/PTBAE-PU)

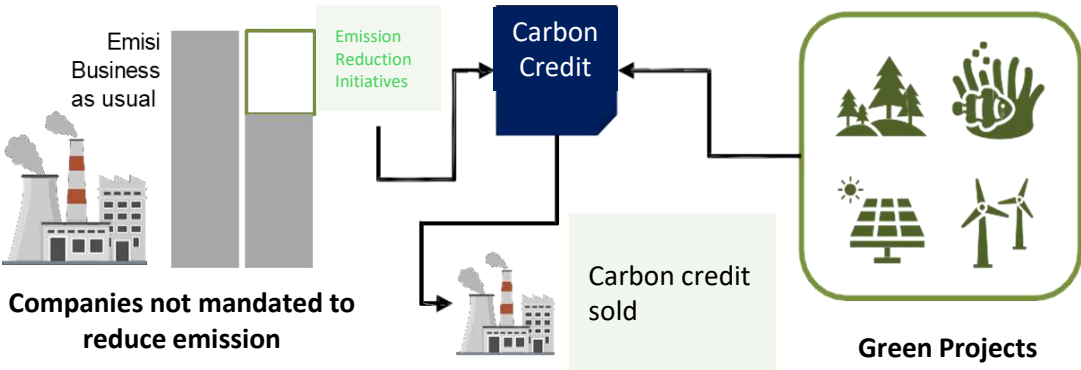
### Carbon Measurement

- The sectoral emission allowance cap is determined in accordance with the sectoral cap for the emission reduction target.
- Emission allowance are allocated based on historical emission. Allowance will be gradually allocated through auction mechanism in the primary market

### Sellers / Buyers

- Sellers: Companies with allowance surpluses
- Buyers: Companies with allowance deficits

## GHG Emission Offset



Baseline and Crediting

Emission Reduction Certificate/  
Carbon Credits/Offsetting

### Carbon Credit is issued based on:

- Claim of emission reduction by companies not required to emission cap
- Green projects measured by carbon avoidance/sequestration

- Seller: Companies with green project/carbon reduction/sequestration
- Buyer: Companies wish to offset their carbon emission

# Carbon Exchange Statistics



## TOTAL TRANSACTION VOLUME

## TOTAL TRANSACTION VALUE

## CARBON EXCHANGE PARTICIPANTS

## TRANSACTION FREQUENCY

**28 November 2025**  
(Accumulated)

1.6 million tCO<sub>2</sub>e

IDR 79.52 Billion

145

336 x

**26 September 2023**

0.46 million tCO<sub>2</sub>e

IDR 29.21 Billion

16

22 x

## Standardized Products

## Closing Price on 28 November 2025 (IDR)

**IDTBS** – Technology Based Solution

58,800

**IDTBS- RE** - Technology Based Solution Renewable Energy

73,200

**IDTBSA** - Technology Based Solution Authorized

95,000

**IDTBSA- RE** - Technology Based Solution Authorized Renewable Energy

144,000

## Listed Projects

## PTBAE – PU (APPLE GATRIK)



**Geothermal Energy -**  
Lahendong  
Unit 5 & Unit 6  
PT Pertamina  
Geothermal  
Energy Tbk



**Mini Hydro Power Plant**  
(PLTM) Gunung  
Wugul



**Combined Cycle Power Plant (CCPP/PLTGU)**  
Blok 3 PJB Muara Karang



**Conversion of Single Cycle system into Combined Cycle (Add On)**  
PLTGU Grati Blok 2



**Operationalization of Combined Cycle Power Plant (CCPP/PLTGU)**  
Priok Blok 4



**Conversion into Combined Cycle Power Plant (CCPP/PLTGU)**  
Blok 2 PLN NP UP Muara Tawar



**Combined Cycle Power Plant (CCPP/PLTGU)**  
PLTMG Sumbagut 2 Peaker 250 MW



**Utilization of Palm Oil Mill Effluent (POME) for Biogas Co-Firing**  
Riau



245 PLTU of 2024

**Transaction Volume**

7.04 Million tCO<sub>2</sub>e

**Transaction Value**

IDR 82.8 Billion

Source: DPKT OJK, IDX Carbon

# Green Sukuk, Blue Bond, and SDG Bond Issuance



Underlying assets are derived from Climate Budget Tagging data

## Global Green Sukuk

**USD 7.7 billion**

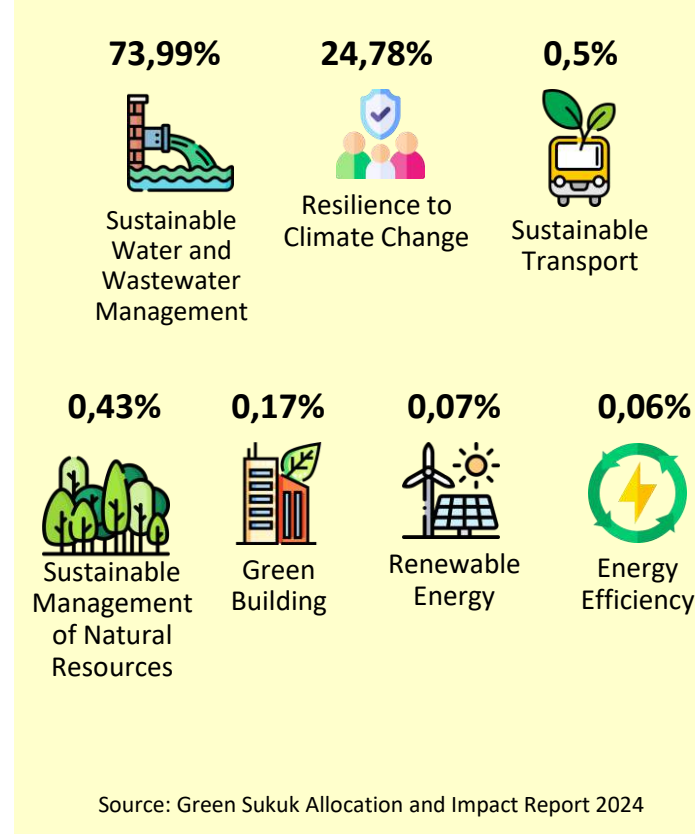
<b>2018</b>	<b>USD 1.25 billion</b> Yield: 3.75% Tenor: 5 year
<b>2019</b>	<b>USD 750 million</b> Yield: 3,9% Tenor: 5.5 year
<b>2020</b>	<b>USD 750 million</b> Yield : 2,3% Tenor: 5 year
<b>2021</b>	<b>USD 750 million</b> Yield : 3,55% Tenor: 30 year
<b>2022</b>	<b>USD 1.5 billion</b> Yield : 4,7% Tenor: 10 year
<b>2023</b>	<b>USD 1 billion</b> Yield : 5,6% Tenor: 10 year
<b>2024</b>	<b>USD 600 million</b> Yield : 5,5% Tenor: 30 year
<b>2025</b>	<b>USD 1.1 billion</b> Yield : 5,2% Tenor: 10 year

## Domestic-Retail Green Sukuk

**IDR 44.6 trillion**

<b>2019</b>	<b>IDR 1.46 T</b> Yield: 6,75% Tenor: 2 year
<b>2020</b>	<b>IDR 5.42 T</b> Yield: 5,5% Tenor: 2 year
<b>2021</b>	<b>IDR 5 T</b> Yield: 4,8% Tenor: 2 year
<b>2022</b>	<b>IDR 10 T</b> Yield: 6,15% Tenor: 2 year
<b>2023</b>	<b>IDR 3,3 T</b> Yield: 6,4% Tenor: 4 year
	<b>IDR 5,5 T</b> Yield: 6,5% Tenor: 4 year
<b>2024</b>	<b>IDR 5,07 T</b> Yield: 6,55% Tenor: 4 year
	<b>IDR 4,84 T</b> Yield: 6,5% Tenor: 4 year
<b>2025</b>	<b>IDR 3,99 Trillion</b> Yield: 6,6% Tenor: 4 year

## Green Sukuk Allocation by Sector (2018-2023)



## Blue Bond

**JPY 49,4 billion**

<b>2023</b>	<b>JPY 14,7 billion</b> Yield: 1,2% Tenor: 7 year
	<b>JPY 6 billion</b> Yield: 1,43% Tenor: 10 years
<b>2024</b>	<b>JPY 2 billion</b> Yield: 1,57% Tenor: 7 year
	<b>JPY 6,8 billion</b> Yield: 1,91% Tenor: 10 year
	<b>JPY 16,2 billion</b> Yield: 2,55% Tenor: 20 year
<b>2025</b>	<b>JPY 3,7 billion</b> Yield: 3,26% Tenor: 20 year

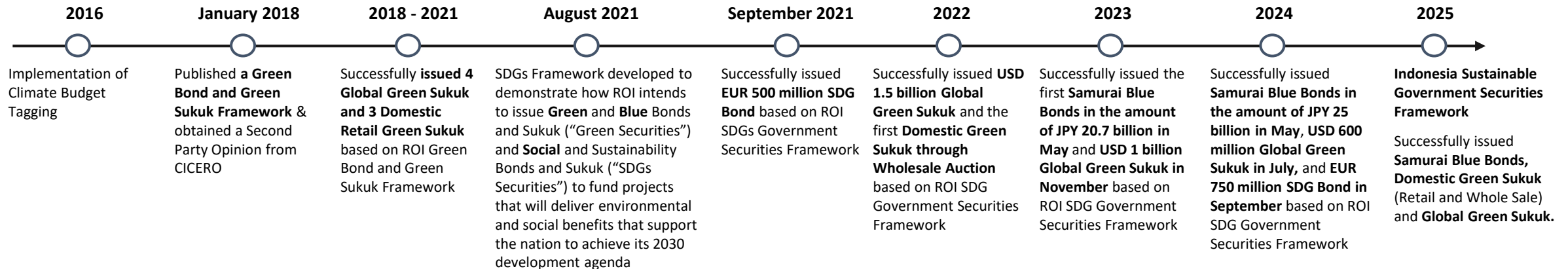
## Blue Sector Actions includes:

- Coastal Protection Structures & Vegetation
- Flood Control Infrastructure
- Coastal Protection Technology Development
- Capacity Building for Coastal Protection
- Integrated Marine Management Strengthening

# The Republic of Indonesia Sustainable Government Securities Framework



## Demonstrate RoI's Major Advancement for Sustainable Finance



### Sustainable Government Securities Framework

- 1 **Use of Proceeds**  
An equivalent amount of the net proceeds of Sustainable Securities will be allocated to finance and/or refinance, in whole or in part, new or existing Eligible Sustainable Expenditures with a Green, Blue, and/or Social focus ("Eligible Expenditures").
- 2 **Process for Project Evaluation and Selection**  
Eligible Sustainable Expenditures are identified through KRISNA-based Budget Tagging. Green/Blue focus use the Climate Budget Tagging (CBT) mechanism, with the option to include other nationally recognized climate or ocean-related references. Social/SDGs focus are tagged by KRISNA system to identify SDGs-related expenditures tagged by Line Ministries under BAPPENAS coordination.
- 3 **Management of Proceeds**  
Proceeds will be managed within the Government's general account in line with prudent treasury practices. A dedicated allocation register will track the use of proceeds for financing and/or refinancing Eligible Expenditures, ensuring transparency and compliance with the Framework.
- 4 **Reporting**  
The Ministry of Finance will publish annual allocation and impact reports for each Sustainable Securities issuance, covering project details, use of proceeds, SDGs alignment, and measurable environmental and/or social outcomes.

### Aligned with International Standards & Principles

- All Green/Blue Securities, Social Securities, Sustainability Securities and SDGs securities issued under The Republic of Indonesia ("ROI") Sustainable Government Securities Framework will align with international standards and principles



- A Second-Party Opinion on Indonesia's Sustainable Government Securities Framework has been provided by Sustainable Fitch (Fitch) on April 30th 2025. Fitch considered transactions under the framework to be fully aligned with the ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines; and the ASEAN Green Bond Standards, Social Bond Standards and Sustainability Bond Standards from the ASEAN Capital Markets Forum.
- Fitch's Second-Party Opinion is that the framework's alignment is **GOOD**.

# Government Support for New and Renewable Energy

## PISP Fund & Government Guarantee for Electricity Projects



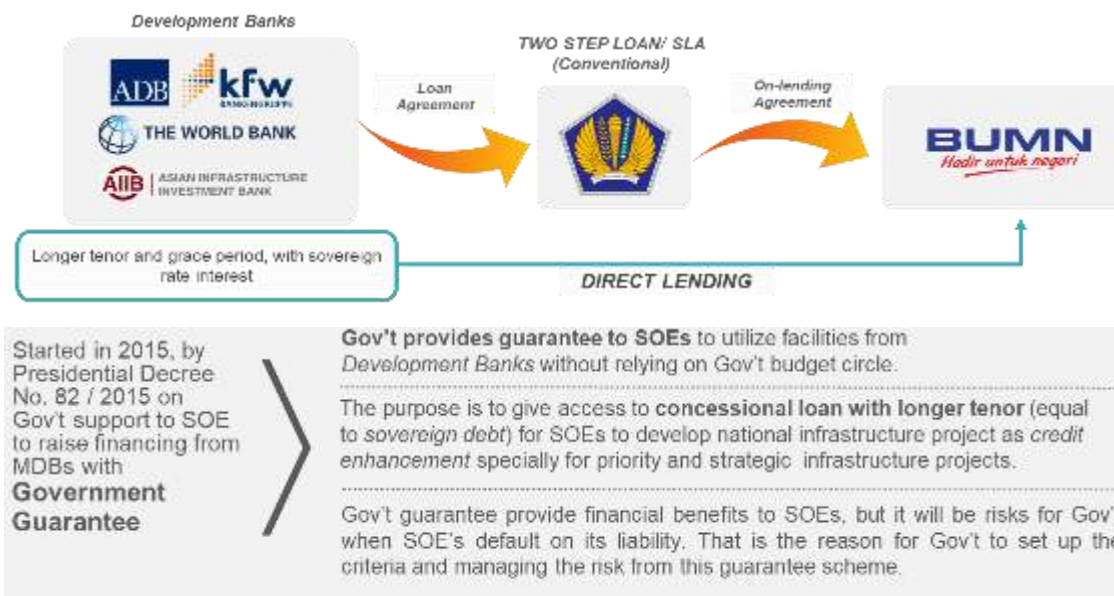
- To promote new and renewable energy development, the Government provides fiscal support in the form of **government guarantee for electricity projects (credit guarantee and business viability guarantee)**, **guarantee for SOEs direct lending from international financial institutions**, and **Geothermal Fund Facility (PISP Fund)**.
- Several guarantees has been provided to renewable energy power plant construction and Power Purchase Agreement (PPA), i.e hydropower, geothermal, and solar PV.
- PISP funds (and its co-finance), can be used for geothermal development in the exploration stage and eligible for *Government Drilling, SOE Drilling/Public Window, and Private Drilling/Private Window*.

### PISP Fund Exploration Financing Facilities (MOF Regulation 80/2022)

Objective	Unlocking geothermal market by providing support and financing for geothermal exploration
Fund Manager	PT Sarana Multi Infrastruktur (SMI)
Total Funds	IDR 3,1 Trillion (revolving fund)
Fund Distribution	Loans and data provisions
Main feature	De-risking facility for exploration stage
PISP Co-Financing	<ul style="list-style-type: none"> <li>Geothermal Energy Upstream Development Project (GEUDP) - World Bank; CTF grant (USD49million) and GEF grant (USD6,25million).</li> <li>Geothermal Resource Risk Mitigation (GREM). Total USD655 million (loan, grant, and PISP co-finance)</li> </ul>

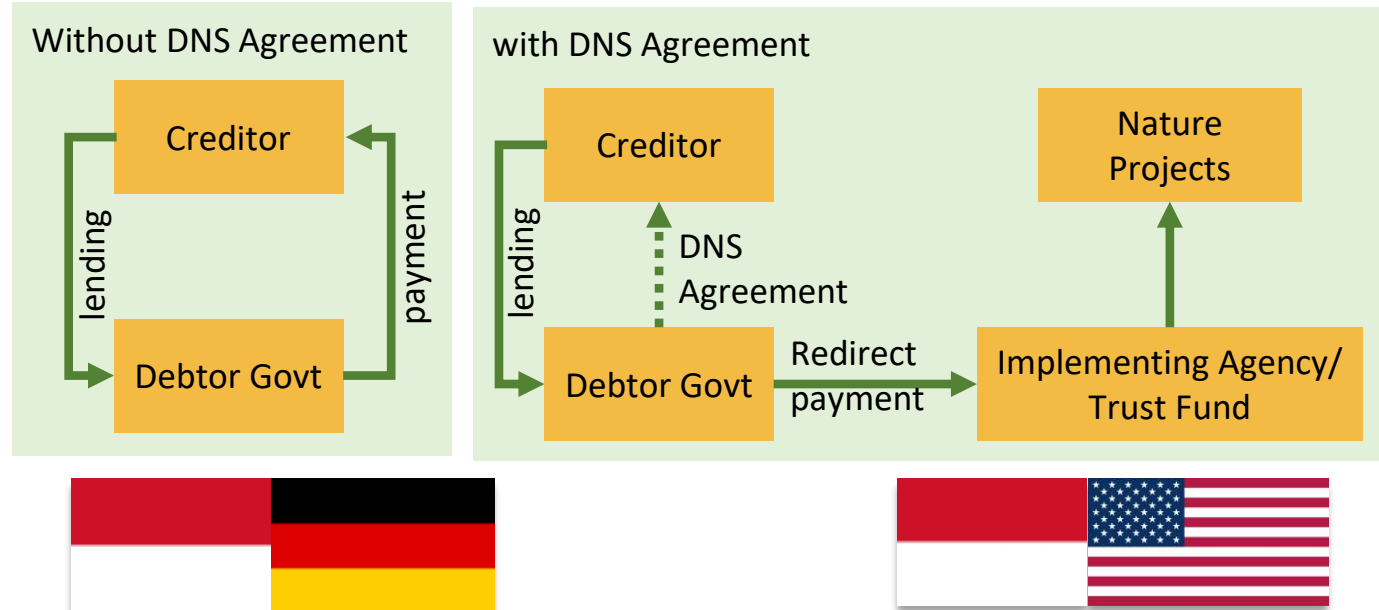
Source: Ministry of Finance

### Direct Lending with Government Guarantee (MOF Regulation 189/2015)





## General Framework of DNS



- Signed in 2002 and 2004
- Debt swapped EUR 25 million
- the Indonesian government should contribute EUR 12.5 million (50% of debt swapped) in rupiah to fund nature project.
- Projects: Financial Assistance for Environmental Investment for Micro and Small Enterprises Project (2006 – 2011) and Strengthening the Development of National Parks in Fragile Ecosystems Project (2007-2013)

- Signed in 2009-2021 and 2024
- Debt swapped USD 106.2 million
- the Indonesian government should contribute USD 106.2 million to fund nature project.
- Projects: Tropical Forest Conservation Act (Sumatera and Borneo Forest) and Tropical Forest and Coral-Reef Conservation Act (Sunda-Banda Kecil and Kepala Burung area)

## Opportunities:

Indonesia is the home of tropical forest and biodiversity. Nature project is highly relevant for Indonesia

DNS shows commitment of developed countries to support climate and nature action in developing countries.

DNS relief debt burden for project host/debtor countries and shows their commitment on nature reservations.

Strengthen triple helix between gov, NGO's, and society.

## Challenges:

Limitation on Technical capacity

Complexity of regulation

Coordination and institutional arrangement

Transparency and accountability

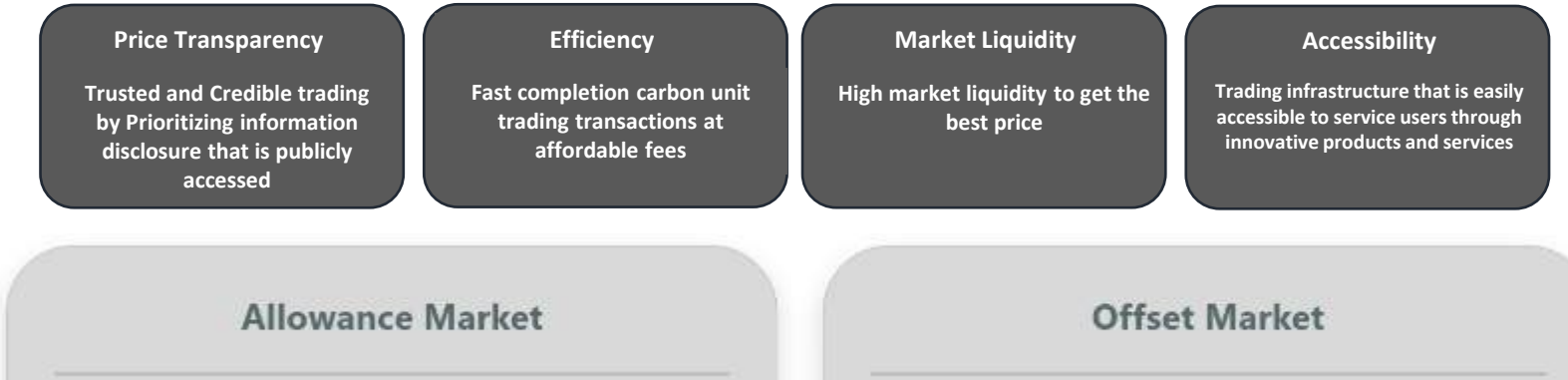
# Carbon Market Has Been Officially Established



- ❑ As a form of support in achieving Indonesia's NDC, the Indonesia Stock Exchange (IDX) has developed an "IDXCCarbon" which accommodates the needs of carbon trading in Indonesia.
- ❑ **The President of the Republic of Indonesia launched the Indonesian Carbon Exchange (IDXCCarbon) on 26<sup>th</sup> September 2023**



## Value Propositions



## Trading Methods



# President Of Indonesia Reiterated Commitment To Build High Integrity Carbon Market Through Perpres 110/2025



Presidential Regulation (Perpres) No. 110/2025 serves as a manifestation of the Government of Indonesia's commitment to strengthening the implementation of New Economic Instruments (NEK)



Developing of High Integrity Carbon Market will strengthen Indonesia's global competitiveness and serve as new engine of growth



## FORESTRY AND LAND USE (FOLU)

Nature protection and restoration, unlocking carbon value, and supporting livelihood



## ENERGY TRANSITION

Renewable energy investment reduces dependence on fossil fuel and create green jobs



## GREEN INDUSTRIALISATION

Low-carbon manufacturing develops internationally competitive sector



## SOCIOECONOMIC EMPOWERMENT

Engaging local communities in climate-positive growth



## OTHER STRATEGIC SECTORS

Agriculture, waste, and blue carbon reduce CO<sub>2</sub> emissions while unlocking new value.

“Indonesia's high integrity and globally connected carbon market has investment potential up to USD 7.7 billion per year.”

# Policy on Energy Transition Financing



## RELATED ISSUES

- 01 – Energy Transition Platform Steering Committee
- 02 – CIF *Accelerating Coal Transition* (ACT)
- 02a – Early Retirement of PLTU Cirebon-1 (including development of MoU ETM IP)
- 02b – *Repurposing* PLTU Ombilin
- 03 – CIF *Renewable Energy Investment* (REI)
- 04 – CIF *Futures Window*
- 05 – Just Energy Transition Programme (JETP)

## ETM

### Legal Basis:

- MoF Decree (KMK) No. 275/2022 on the Assignment of PT SMI as the ETM Country Platform (CP)
- MoF Regulation (PMK) No. 103/2023 on the Provision of Fiscal Support for the Energy Transition
- MoF Decree (KMK) No. 470/2024 on the Establishment of the ETM CP Steering Committee
- MoF Decree (MK) No. 7/KM.10/2024 on the Establishment of the ETM Steering Committee Secretariat

## ETM Objectives



Optimizing energy mix progression based on National Energy Policy



Accelerate early retirement of Coal-Fired Power Plant (CFPP)



Enhancing emission reduction in electricity subsector to achieve NDC and NZE targets



Boost renewable energy power generation investment

## JETP

## USD 21.6 Billion Commitment

### Target (based on JETP Comprehensive Investment Plan and Policy):

- Emissions from the grid-connected power sector are projected to peak in **2030**, with emissions capped at no more than **250 MtCO<sub>2</sub>** in 2030.
- **Renewable energy** to account for **44%** of the power generation mix by 2030.
- **Net-zero emissions** in the **power sector** targeted by **2050**.

**Roles and Output:** The Ministry of Finance leads the Financing Working Group and has previously established the Indonesia–UK Sovereign Green Guarantee Letter of Intent, administered by the World Bank.

## JETP Investment Focus Area



Promoting the Implementation of Energy Efficiency and Electrification



Acceleration of Dispatchable Renewable Energy



Early Retirement and Phase-Out of Coal-Fired Power Plant



Development of Electricity Transmission and Distribution Network



Acceleration of Variable Renewable Energy (VRE)



Development of Renewable Energy Supply Chain

# The Green Climate Fund as an Alternative Low-Cost Financing Source for the Energy Sector



- The GCF is the operational entity of the UNFCCC financial mechanism established by the Conference of Parties (COP) in 2010.
- The largest global climate financing mechanism in the world

## Funding Areas of GCF:

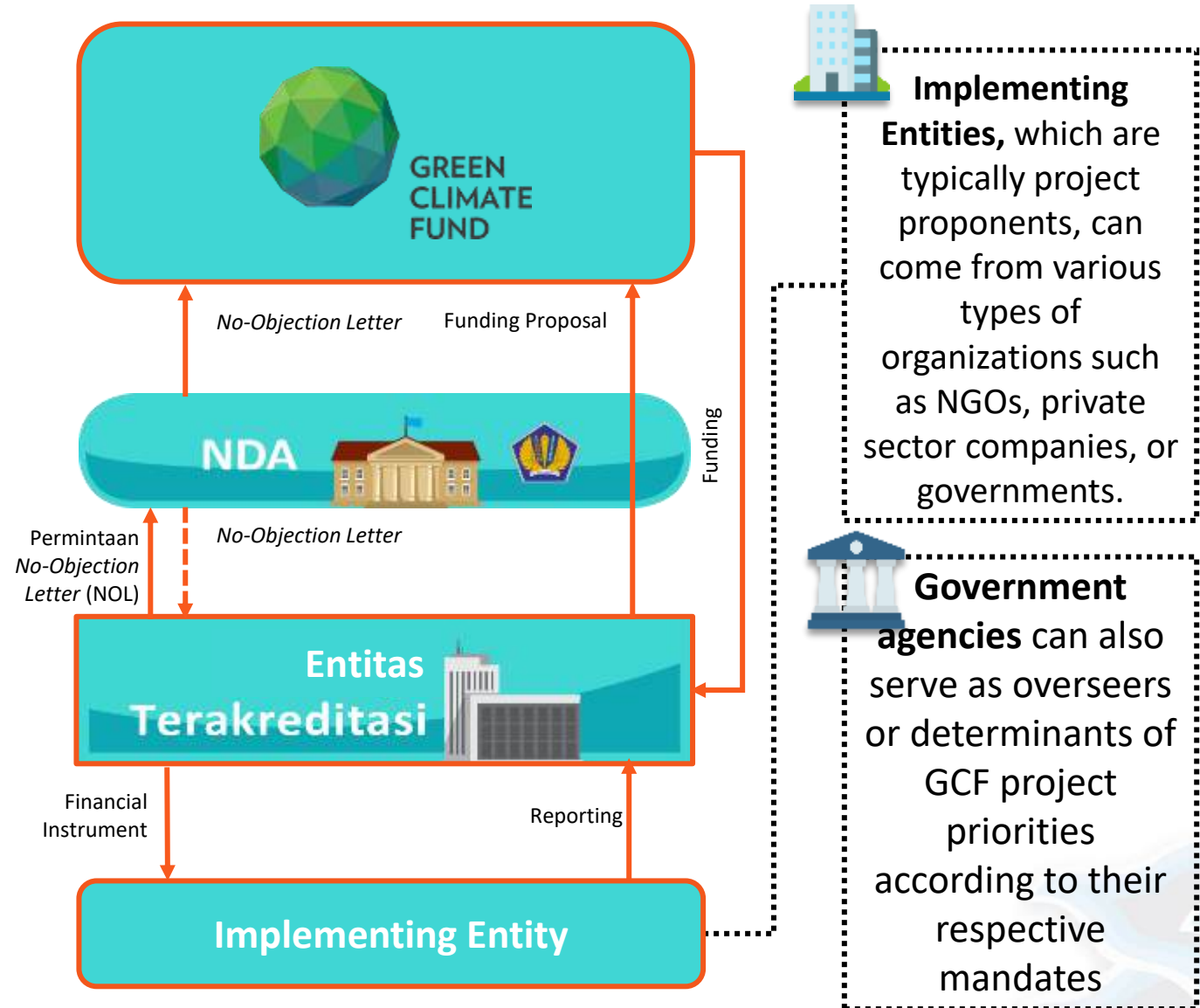
### Mitigation:

- Energy and transmission
- Transportation
- Land-based sectors and forestry
- Buildings, urban areas, industry, and supporting infrastructure

### Adaptation:

- Health, food, and clean water resilience
- Livelihoods of communities
- Built environment infrastructure
- Ecosystems and ecosystem services

## The Architecture of the Green Climate Fund and the Role of National Actors



# GCF Funding in Indonesia – Dashboard

(as of July 2025)



**19** projects

- 4 *country-specific*
- 15 multi-country

**261** million\*  
ton CO<sub>2</sub>eq

**26** million\*  
direct beneficiaries

GCF Funding Allocation for  
Indonesia

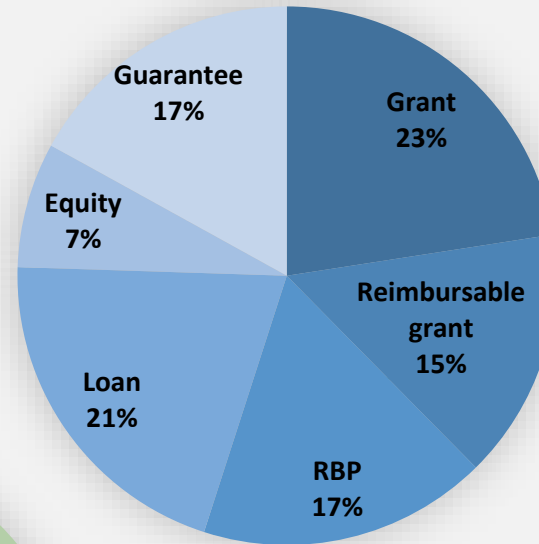
**578,2** million\*\*

Source: GCF Website

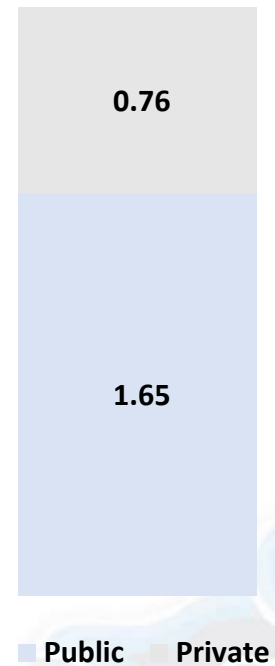
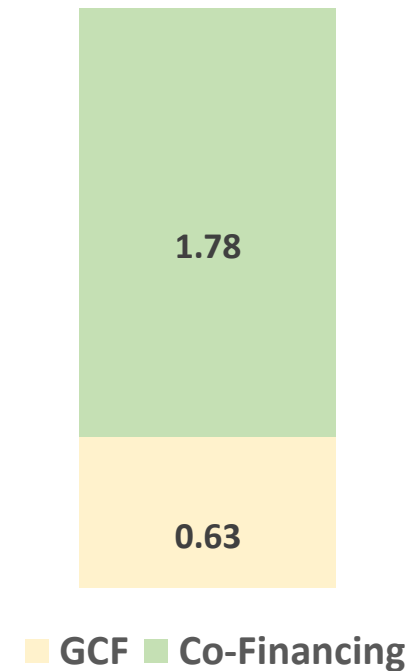
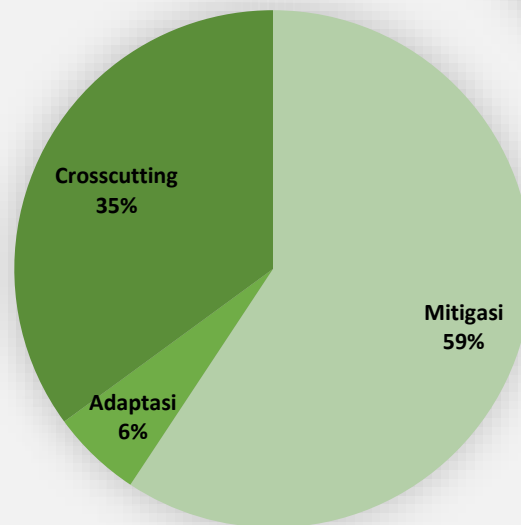
\*Multi-country projects' funding  
allocation and impacts to  
Indonesia are based on indicative  
data

\*\*Co-financing not included

Funding Amount by  
Instrument\*  
(In Percentage)



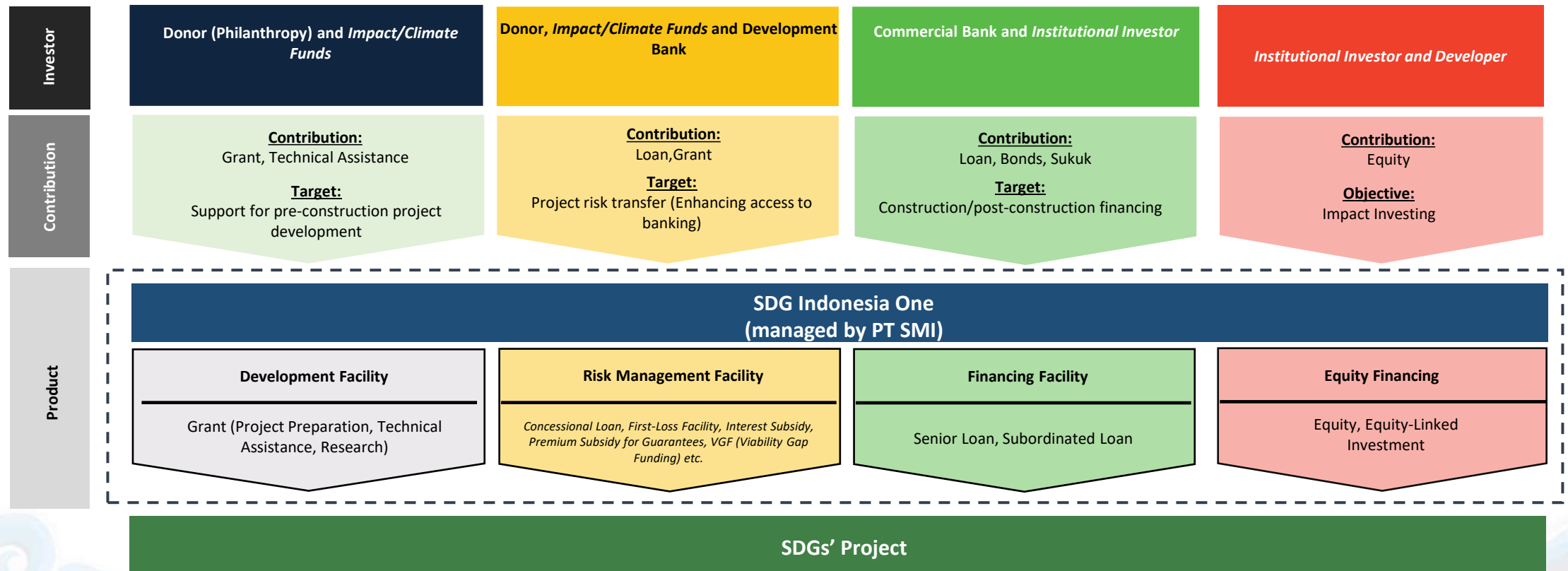
Funding Amount by  
Target\*  
(In Percentage)



SDG Indonesia One is an innovative financing instrument that supports infrastructure development in achieving 16 out of the 17 SDG goals



## SDG INDONESIA ONE FINANCING SCHEME



The Health, Education, Renewable Energy (EBT), and urban infrastructure sectors (transportation, water & waste management)\*  
 \*potentially expandable

# Highlight SDG Indonesia One – as of March 2025

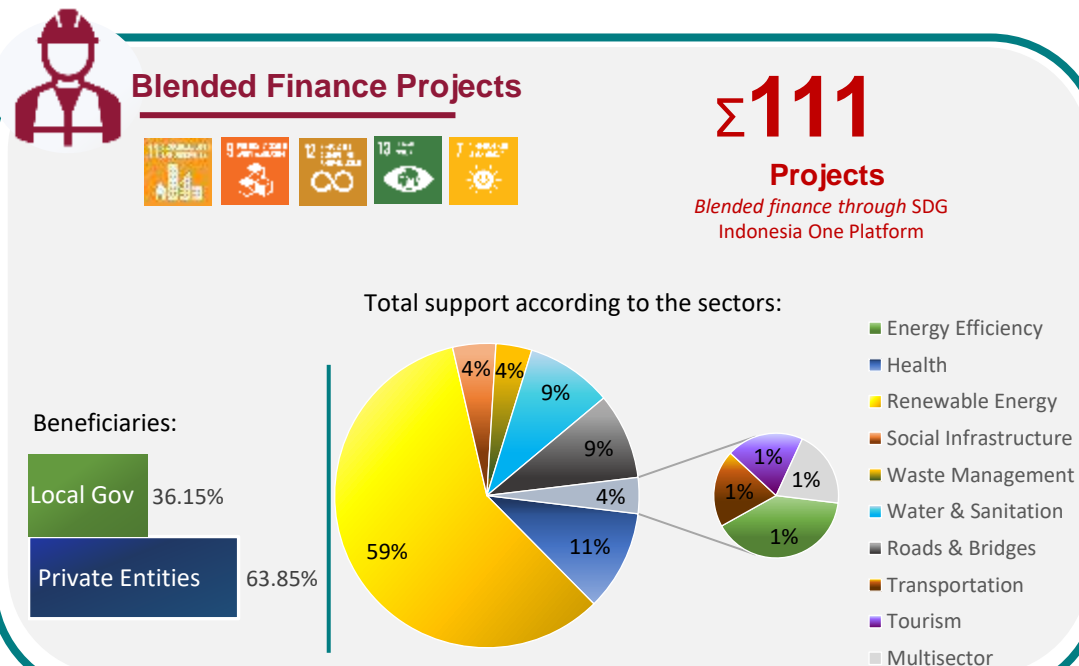
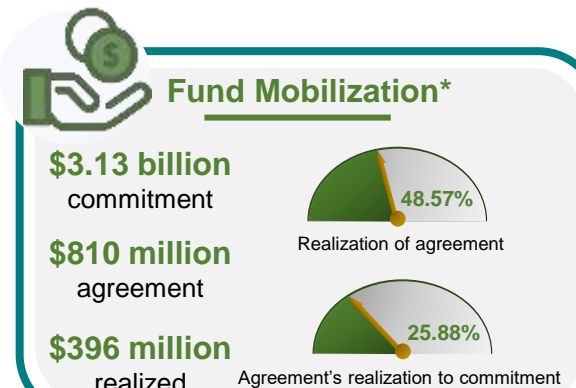


## Achievements Highlight

57% of Support  
Channeled to Renewable  
Energy Programs

48% Agreed Partner  
Support Has Been  
Disbursed to the  
Project Level

127 Projects Have  
Been Supported



\*) Assumptions as of 27 March 2025: USD/IDR = 16,588

# Development Of Innovative Financing Instruments

Demonstrate RoI's major advance for sustainable finance



The Republic of Indonesia's **Green Sukuk** demonstrates the government's commitment to addressing climate change and mainstreaming innovative financing to achieve the SDGs, while also strengthening Indonesia's position in the global Shariah market.

- **Global sukuk issuance (2018-2025)** : USD 7.7 Bio
- **Retail domestic sukuk issuance (2019 – 2025)** : IDR 48.9 T
- **Wholesale domestic sukuk issuance (2022-2025)** : IDR 93.3 T



The debut “Sustainable Development Goals” (“SDG”) bonds in 2021 is an important step forward in the Republic’s commitment to the achievement of the SDGs, and a major advance for sustainable finance. Since 2022, GoI also issued the SDG bonds in the domestic market.

- **Global SDG Bonds issuance (2021-2025)** : EUR 1.85 Bio
- **Retail domestic SDG Bonds issuance (2024-2025)** : IDR 3.04 T
- **Wholesale domestic SDG Bonds issuance (2022-2025)** : IDR 13.81 T



The issuance of Samurai Blue Bonds marks a significant milestone in Indonesia’s commitment to sustainable financing in the Japanese market, following the debut of Blue Bond instruments within the Samurai bond issuance in 2023. As of 2025, total Blue Bond issuances have reached JPY 49.4 billion.

- **2023 (debut) : JPY 20.7 billion (7 years and 10 years tenor)**
- **2024 : JPY 25 billion (7 years, 10 years, and 20 years tenor)**
- **2025 : JPY 3.7 billion (20 years tenor)**

**Navy Blue (high relevance):** Waste management, Marine and coastal protection and restoration of biodiversity and ecosystems, Sustainable fisheries.

**Sapphire Blue (moderate relevance):** Disaster management and risk reduction, Marine renewable energy, Ecotourism.

# 2025 Republic of Indonesia Samurai Bonds Deal Review



## Key Terms & Conditions



**Baa2 Stable (Moody's) / BBB Stable (S&P) / BBB Stable (Fitch)**

US\$600mm 4.300% due 2031, US\$1.25bn 4.900% due 2036, €600mm 3.750% due 2033

<b>Format:</b>	SEC Registered		
<b>Issue Ratings:</b>	Baa2 (Moody's) / BBB (S&P) / BBB (Fitch)		
<b>Tranche:</b>	<b>US\$ 5.5 Year</b>	<b>US\$ 10.5 Year</b>	<b>EUR 8 Year SDG</b>
<b>Issue Size:</b>	US\$600mm	US\$1.25bn	€600mm
<b>Settlement Date:</b>	16-Oct-25	16-Oct-25	16-Oct-25
<b>Maturity Date</b>	16-Apr-31	16-Apr-36	16-Oct-33
<b>Initial Price Guidance:</b>	4.600% area	5.200% area	MS+145 bps area
<b>Final Price Guidance:</b>	4.350% (#)	4.950% (#)	MS+120 bps (#)
<b>Pricing:</b>	<b>4.35%</b>	<b>4.95%</b>	<b>MS+120 bps</b>
<b>Reoffer Price:</b>	99.758	99.594	99.986
<b>Reoffer Yield:</b>	4.35%	4.95%	3.75%
<b>Coupon:</b>	4.30%	4.90%	3.75%
<b>Denominations:</b>	US\$200,000 / 1,000		EUR100,000 / 1,000
<b>Use of Proceeds:</b>	US\$ 5.5Y & 10.5Y: General Purpose EUR 8Y: The Republic of Indonesia's ("the Republic") intends to invest an amount equal to the net proceeds in projects that may qualify as eligible expenditures under the Republic's sustainable government securities framework		
<b>Listing:</b>	SGX-ST and Frankfurt Stock Exchange		
<b>Governing Law:</b>	New York Law		

## Key Transaction Highlights



The 10.5 Year Tranche marked the largest G2 currency tranche issued by Asia- ex-Japan sovereign issuers in 2025YTD, and the 5.5 Year Tranche achieved the lowest coupon for the Republic's 5 / 5.5 Year USD bond in the past 3 years



The third Sustainable Development Goals ("SDG") Bond in EUR issued by the Republic, following the last EUR SDG offering in September 2024, showcasing the Republic's continuous commitment in supporting sustainable financing to achieve SDG targets by 2030



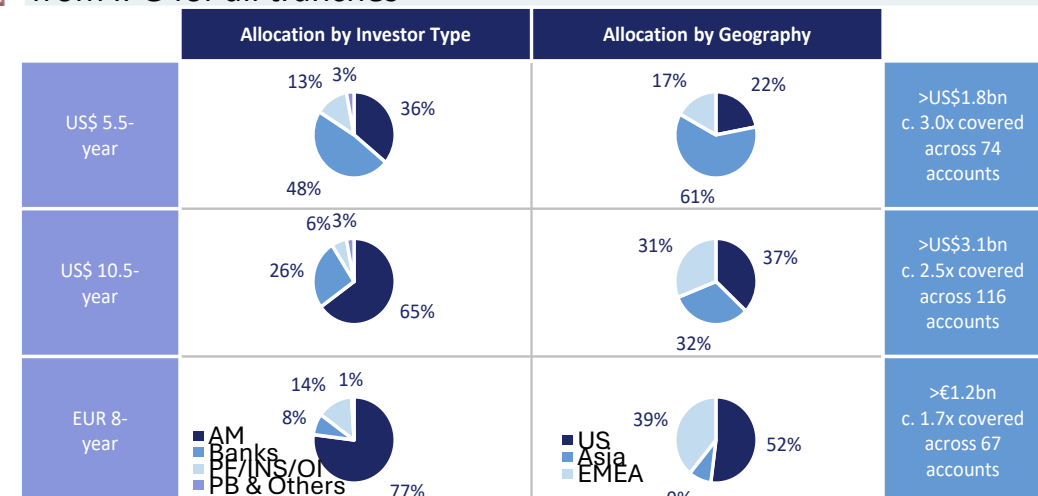
On the back of a constructive market backdrop, the Republic decisively captured a clear issuance window with no competing supply and became the first issuer to tap the Asian bond markets following the Golden Week holidays



The orderbook was well supported by global high-quality and real-money accounts, with the final orderbook size reaching over US\$4.9 billion for the USD tranches in aggregate and over €1.2 billion for the EUR SDG tranche



The strong momentum of the orderbook allowed final pricing to tighten by 25bps from IPG for all tranches



# 2025 Republic of Indonesia Samurai Bonds Deal Review

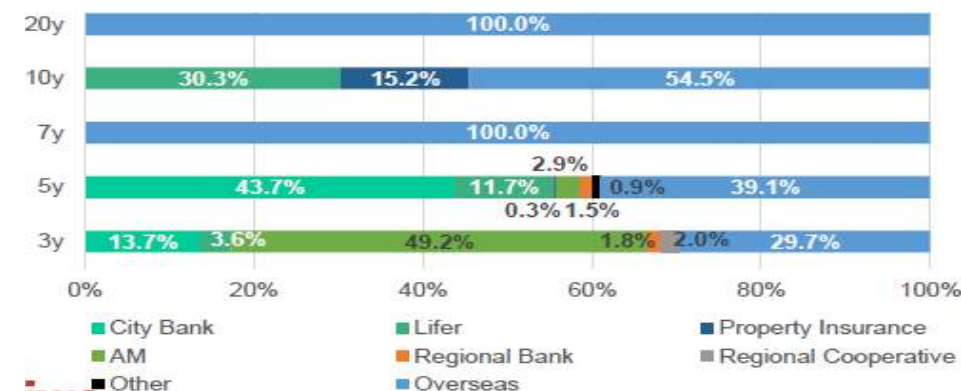
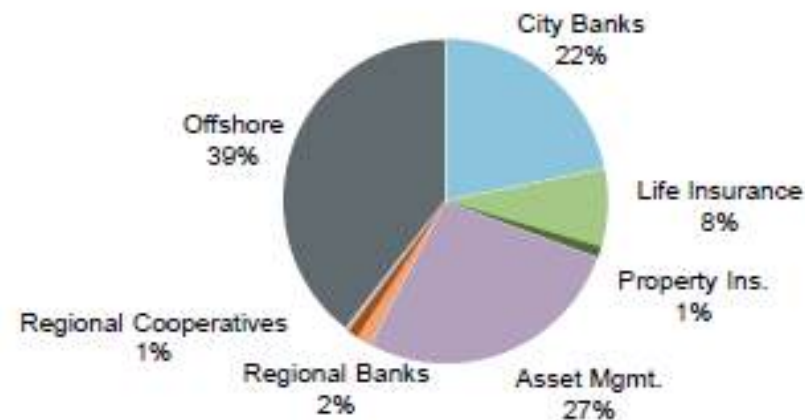


- The Republic of Indonesia (“RoI”) successfully priced a JPY 103.2 billion multi-tranche Samurai Bonds transaction, marking RoI’s eleventh consecutive year accessing the Samurai market. Notably, for the third consecutive year, the 20-year tranche was labeled as a Blue Bond under RoI’s renewed Sustainable Government Securities Framework, underscoring the nation’s continued commitment to sustainable development. With this transaction, RoI became the first sovereign issuer in the Samurai market in 2025.
- Despite the substantial impact of the Bank of Japan’s rate hikes on the Japanese bond market since last year—along with heightened market volatility and pronounced global uncertainty following “Liberation Day” in early April 2025—RoI’s robust creditworthiness and strong presence in global capital markets elicited solid demand from both domestic and international investors.
- Reflecting the volatile market environment, investor demand skewed toward the shorter tenors, consistent with other recent cross-border JPY transactions, with more than 80% of orders placed in the 3- and 5-year tranches across a wide range of investors. The longer-dated tranches (7-, 10-, and 20-year) were well supported by offshore investors, while 45% of demand for the 10-year tranche came from domestic investors (mainly life insurers).

Issuer	Republic of Indonesia				
Pricing Date	May 23 <sup>rd</sup> 2025				
Issue Date	June 2 <sup>nd</sup> 2025				
Format	Samurai				
Total Size	JPY 103.2bn				
Ranking	Senior, Unsecured				
Bond Rating	Baa2(Moody's) / BBB(S&P) / BBB(Fitch)				
Tenor	3 year	5 year	7 year	10 year	20 year
ESG Label	-	-	-	-	BLUE
Size (JPY bn)	JPY 54.9bn	JPY 34.3bn	JPY 3.7bn	JPY 6.6bn	JPY 3.7bn
Maturity Date	3 <sup>rd</sup> July 2028	2 <sup>nd</sup> July 2030	2 <sup>nd</sup> June 2032	1 <sup>st</sup> June 2035	2 <sup>nd</sup> June 2045
Re-offer Spread (YMS, TONA based)	75bp	93bp	98bp	105bp	125bp
Coupon	1.56%	1.87%	2.05%	2.35%	3.26%
Issue Price	100%				

Sour

## Investor Breakdown



# 2025 Republic of Indonesia Global Green Sukuk USD2.2 Billion



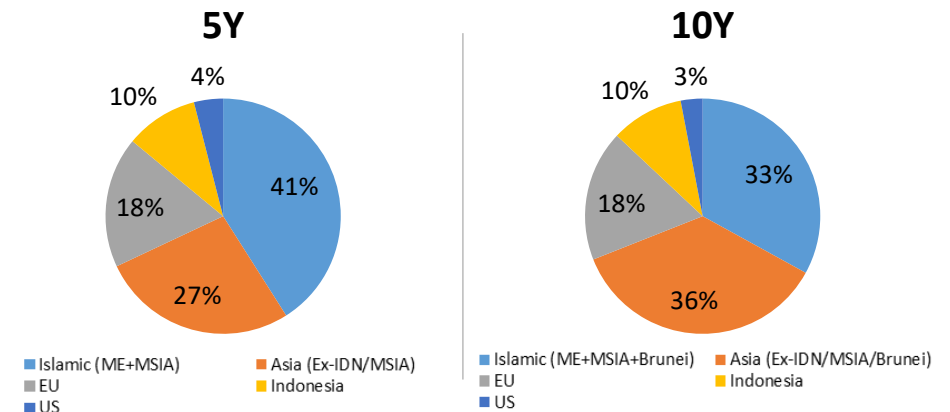
- ❖ The Republic of Indonesia (the “Republic”) approached the markets for its first Sukuk issuance in 2025 and successfully priced a US\$ 2.2 billion Sukuk offering comprising of US\$ 1.1 million 5-year, and a US\$ 1.1 million 10-year **Green**
- ❖ The offering drew strong investor interest from the outset, with orderbooks covered within the first hour. Final orderbooks exceeded US\$2.9bn and US\$3.1bn for the 5-year and 10-year, reflecting an oversubscription of 2.6x and 2.8x respectively. The transaction was priced at 4.55% for the 5-year, and 5.20% for the 10-year tranche

Issuer	Perusahaan Penerbit SBSN Indonesia III	
Issue Format	144A / Reg S / 3 (c) (7), Senior, Unsecured, Wakala US\$ Trust Certificate (“Sukuk”) issued under a US\$45 billion Trust Certificate Issuance Programme	
Issuer Ratings	Baa2 stable (Moody's) / BBB stable (S&P) / BBB stable (Fitch)	
Issue Ratings	Baa2 (Moody's) / BBB (S&P) / BBB (Fitch)	
Pricing Date	16 July 2025	
Issue Date	23 July 2025	
Tenor	USD 5Y Sukuk	USD 10Y Sukuk <b>Green</b>
Maturity Date	23 July 2030	23 July 2035
Tranche Size	USD 1.1 billion	USD 1.1 billion
Profit Rate	4.550% Fixed, Semi-annual, 30/360	5.200% Fixed, Semi-annual, 30/360
Re-Offer Price	100.00%	100.00%
Reoffer Spread	UST + 57 bps	UST + 74.7 bps
Reg S ISIN	US71567RBD70	US71567RBE53
144A ISIN	US71567WAA36	US71567WAB19
Use of Proceeds	The Obligor will use the net proceeds it receives from the issue of Certificates to meet part of its general financing requirements, provided for the 10-year Green Sukuk, the Obligor will apply an amount equal to the net proceeds from the issue of the Sukuk exclusively to finance or re-finance Eligible Green Expenditures as defined in the Obligor's Sustainable government Securities Framework	
Other Details	USD200k/1k denoms., English / Indonesian Law	
Listing	Singapore Exchange Securities Trading Limited and Nasdaq Dubai	
Joint Bookrunners	BofA Securities, Deutsche Bank (B&D), Dubai Islamic Bank, HSBC, Mandiri Securities	
Co-Managers	PT BRI Danareksa Sekuritas and PT Trimegah Sekuritas Indonesia Tbk	

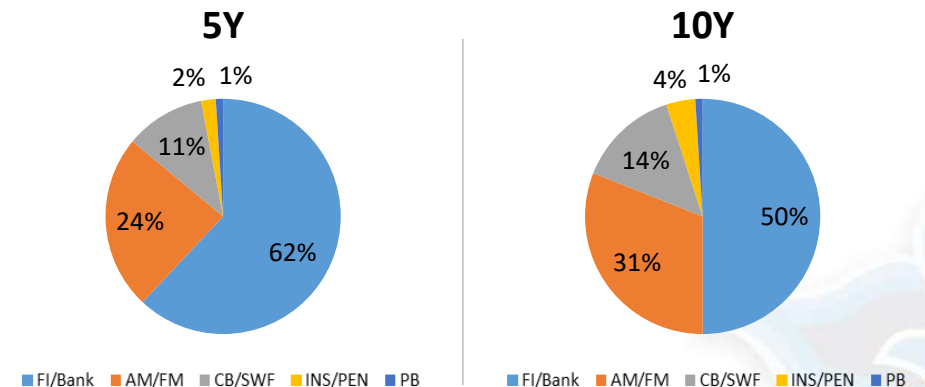
## ORDERBOOK DISTRIBUTION

USD 5-Year	USD 10-Year <b>Green</b>
<b>US\$ 2.9bn+</b> From 103 accounts	<b>US\$ 3.1bn+</b> From 150 accounts

## INVESTORS BY GEOGRAPHY (ALLOCATION)



## INVESTORS BY TYPE (ALLOCATION)



# Allocation And Impact – Green Sukuk



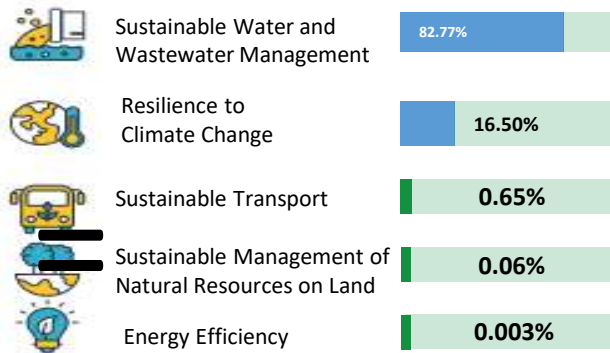
The Government of Indonesia has issued seven sovereign global green sukuk, consecutively in March 2018, February 2019, June 2020, June 2021, May 2022, November 2023, and July 2024 with total amount of USD 6.6bn



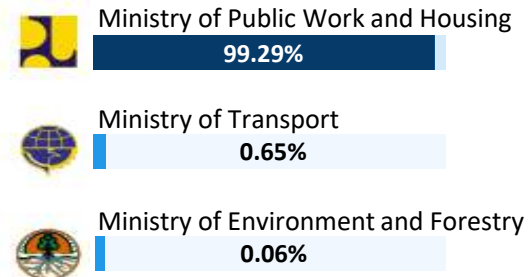
## Use of Proceeds

## 2023 Global Green Sukuk

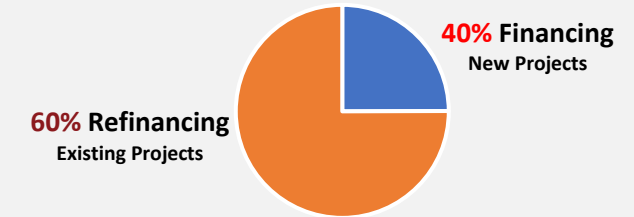
### Breakdown by Sector



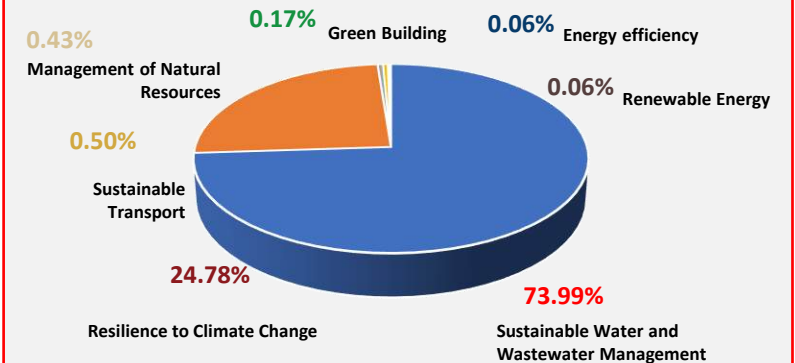
### Breakdown by Project Owner



## Financing vs Refinancing (2023 Global Green Sukuk)



## Cumulative 2018–2023 Green Sukuk Proceed Allocation by Sector



## Projected Environmental and Social Impacts

## 2023 Global Green Sukuk, 2022 Project Based Sukuk, and 2023 Retail Green Sukuk

### Sustainable Transportation

Contribute to the annual GHG emission reduction at 2,777,421.09 tCO<sub>2</sub>e in total from railway infrastructure development and improvement and 129.53 tCO<sub>2</sub>e from the conversion of ICE to electric motorcycles.

### Resilience to Climate Change

Enhance the infrastructure service capacity of water management areas that are prone to floods and droughts through the development and/or maintenance of Flood Control Infrastructure, Coastal Protection Structures, Raw Water Infrastructures, Water Supply infrastructure, and Reservoir Storage infrastructures.

### Sustainable Water and Wastewater Management

- Reservoir and Water Storage Development
- Domestic Wastewater Connections
- Agricultural Water Supply
- Reservoir Storage Enhancement

### Renewable Energy

The project supports renewable energy development for geothermal resources by enhancing geophysical data quality, improving the validity of surveyed prospects, and reducing exploration risks.

### Waste to Energy and Waste Management

Improve municipal solid waste management, projected to benefit a total of 3.7 million people

### Green Building

The project will construct environmentally friendly and socially acceptable buildings, resulting in 2,523 in room units that contribute to sustainable development and community well-being.

### Sustainable Management of Natural Resources

Contribute to the annual GHG emission reduction at 582.105 million tCO<sub>2</sub>e in total from forest and land rehabilitation and 92.88 tCO<sub>2</sub>e from PROPER assessment and compliance

# Allocation And Impact - SDG And Blue Bond



2021

IDR8,48 trillion



Completed Basic Vaccination for **30 million** babies



Scholarships for **11.4 million** elementary school students



Internet access in **2,146** Borderline Frontier, Outermost, and Least Developed Regions in Indonesia



2022

IDR3,30 trillion



Supporting more than **470,000** farmers  
Producing over **470,000** tons of rice with high micronutrient content (GKG)



Providing scholarship for **1 million** Islamic elementary school students



Extended access to essential basic services for **3 million** underprivileged families  
Supporting more than **1,600** children in need of special protection  
**23,000** orphans  
**7,900** entrepreneurial groups



2023

IDR7,69 trillion



Improving over **61,000** hectares of planted areas  
Benefiting more than **24,000** workers (over 397,000 working days) during the construction phase



Benefiting over **15,000** small and medium enterprises



Supporting more than **3,500** vocational higher education graduates

Extended access to education for over **4.2 million** Islamic elementary school students  
**3.3 million** Islamic junior high schools students



Constructing and maintaining safety measures across all projects is approximately **684.19 km**, with a total area coverage of **1,920.11 hectares (Ha)**, aimed at preventing disasters in 33 provinces.

Rehabilitated **41,821 Ha** of mangrove forest and **2,104.56 m<sup>2</sup>** of coral reef, while establishing **4.29 million Ha** of new conservation areas and distributing seeds to support biodiversity management.

12 waste processing facilities developed, each handling an average of **1.5 tons** of waste per month

SDG Bond

Blue Bond

# International Awards



## Green Sukuk



Islamic Finance News



Finance Asia



Climate Bond Initiative



IFR Asia



Cambridge IFA



The Asset Triple A



Global Capital, Euromoney



The ROI Green Sukuk has been awarded **21 international awards** from prominent organizations since 2018.



Thematic bond/sukuk needs **extra effort**: framework preparation, framework review from Second Party Opinion, impact report, and report assurance (audit) from external auditor.



Having the right, knowledgeable and reputable partners are crucial to support framework development, issuances, including investor meetings, and impact reporting.



Need strong commitment and coordination from all stakeholders, especially line ministries.



Incentives are needed, especially **pricing benefit (greenium)**, to encourage more parties to issue green/SDG instruments.

# Thank You