



INDONESIA  
INFRASTRUCTURE  
FINANCE

# GREEN PERPETUAL NOTES REPORT

March 2025



## **Disclaimer**

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## Introduction

The achievement of Net Zero Emissions (NZE) and Sustainable Development Goals (SDGs) on a global scale heavily depends on the active participation of the financial sector, which plays a crucial role in mobilizing capital, funding green initiatives, and integrating sustainability principles into investment and lending decisions to drive long-term environmental and social impact. As a catalyst for sustainable infrastructure financing in Indonesia, IIF actively supports this transition by providing financial solutions, promoting ESG-aligned investments, and ensuring that infrastructure projects adhere to international social and environmental standards, contributing to a more sustainable and resilient economy.

Nowadays, a strong commitment to sustainability is essential for conducting responsible business practices. Since its establishment 15 years ago, IIF has embedded sustainability principles into its operations by applying Social and Environmental (S&E) Principles in every infrastructure project it finances. These principles have become the foundation of IIF's values and strengths, reinforcing its role in supporting sustainable infrastructure development, promoting environmentally conscious initiatives, and enhancing the long-term value of infrastructure projects.

By upholding S&E Principles, IIF not only ensures compliance with applicable regulations but also aspires to be a leader in responsible infrastructure financing. The Company conducts comprehensive evaluations for every financed project, ensuring that environmental and social factors are carefully assessed at every stage of development. Beyond alignment with S&E Principles, IIF also measures each project's impact and contribution to the Sustainable Development Goals (SDGs).

As the cornerstone of the Company's sustainability initiatives, IIF develops an annual Sustainable Finance Action Plan (*Rencana Aksi Keuangan Berkelanjutan* or RAKB), which is submitted to the Financial Services Authority (OJK). The RAKB outlines IIF's sustainability values, strategies, commitments, implementation measures, and future objectives.

IIF's approach is guided by the IIF Sustainable Framework, which serves as the foundation for its strategy, planning, and targets. This framework is built on three key pillars: sustainable operations, sustainable business, and sustainable impact—each of which translates into tangible initiatives and policies. These pillars are embedded into IIF's core business and operations, ensuring the development of sustainable infrastructure that delivers long-term value and broad benefits for all stakeholders, both now and in the future. With sustainability at its core, IIF is committed to reducing its carbon footprint, preserving natural resources, and empowering local communities through the infrastructure projects it supports.

## 01 | Summary of IIF's Green Perpetual Notes Framework

IIF Green Perpetual Notes (**"The Green Perpetual Notes"**) are a thematic instrument where the proceed is to be used to finance sustainable infrastructure projects based on the principles of Environmental Business Activities (*Kegiatan Usaha Berbasis Lingkungan* or KUBL) as stipulated in the IIF's Green Framework (**"The Framework"**).

### IIF's Green Framework

IIF's Green Framework was established in October 2023 adhering to the OJK Regulation (POJK) No. 18/2023 regarding the Issuance for Debt Securities and Sukuk Based on Sustainability Principles. In addition, the framework also aligns with the International Capital Markets Association (ICMA) Green Bond Principles (2018); Sustainability Bond Guidelines (2018); and the ASEAN Capital Markets Forum ASEAN Green, Social, and Sustainability Bond Standards (2018).

This framework is structured in accordance with the 4 (four) key components as required under POJK No. 18/2023 (Chapter II, Article 5, Paragraph 1), as well as the ICMA Principles and ASEAN Standards, which include: (1) Use of Proceeds, (2) Project Evaluation and Selection Process, (3) Fund Management, and (4) Reporting.

IIF has engaged SDGs Hub UI to provide a Second Party Opinion (SPO) on the framework. The evaluation covers the use of proceeds, project evaluation and selection, fund management, and impact reporting, while also identifying potential risks and hidden issues within the framework. Based on this assessment, SDGs Hub UI has classified the framework as Sustainable.

### Use of Proceed

The proceeds from this issuance are exclusively allocated to finance sustainable infrastructure projects in accordance with the principles of KUBL, as outlined below:



Renewable Energy



Energy Efficiency



Pollution Prevention  
and Control



Sustainable Management of  
Living Natural Resources and  
Land Use



Conservation of Terrestrial  
and Aquatic Biodiversity



Environmentally Friendly  
Transportation



Sustainable Water and  
Wastewater Management

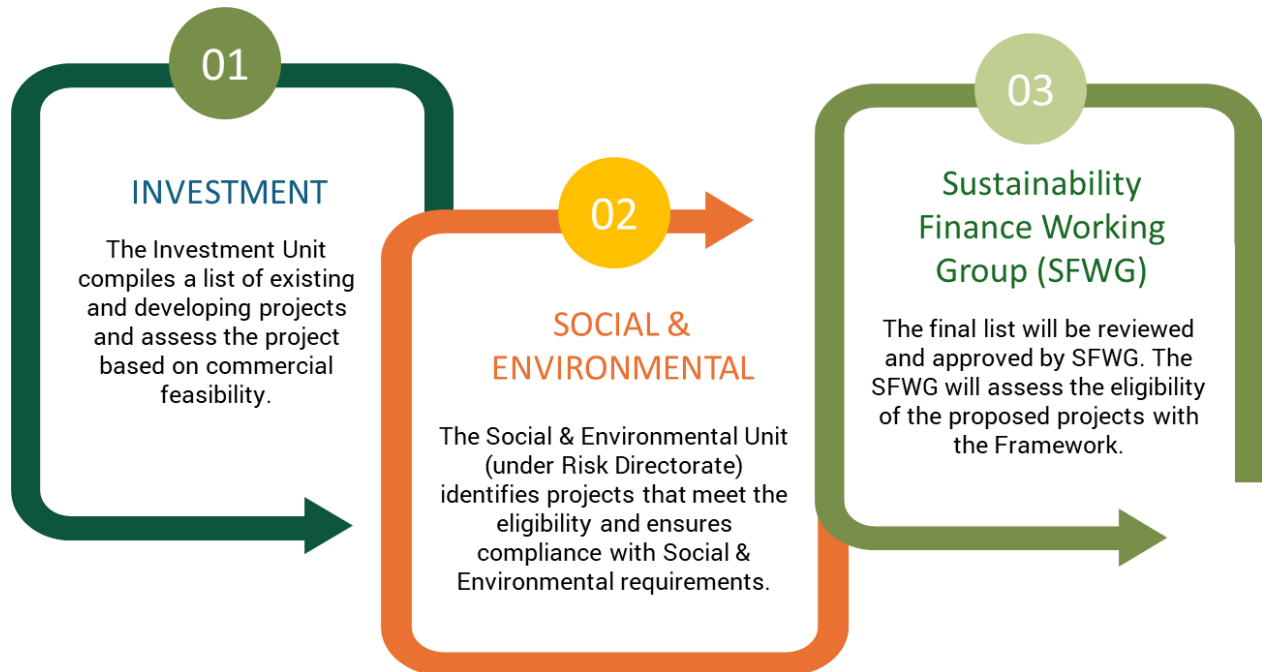


Green Buildings that Meets  
Certain Standards or  
Certifications

## Project Evaluation and Selection Process

IIF has a standardized evaluation and project selection process for all financed projects. Each project is assessed based on commercial feasibility as well as environmental and social risks. Units responsible for Social & Environmental, Finance, Investment, Risk, and Legal aspects conduct in-depth reviews, project approval assessments, and technical monitoring to manage social and environmental risks and oversee mitigation efforts throughout the project lifecycle.

In addition to the mechanism described above, projects to be financed through the proceeds of the Green Perpetual Notes issuance must meet the eligibility criteria outlined in KUBL and will undergo the following assessment procedures:



To strengthen the commitment to perform Sustainable Financing, on October 2024, IIF strengthened the Sustainable Finance Working Group into a Sustainability Council (**SC**) with an expanded mandate to become a special work unit in charge of formulating strategies and perform IIF's initiatives to improve ESG principles implementation as well as support the contributions towards sustainable development. Hence, moving forward, all projects will be evaluated by the SC prior to the utilization of proceeds from the Green Perpetual Notes. This change will also be incorporated into the updated version of IIF's Green Framework.

### Management of Proceeds



IIF aims to fully allocate the net proceeds from the issuance of this Green Perpetual Notes within 2 (two) years of issuance. The proceeds may be used for both new financing and/or refinancing of eligible projects. The Institutional Relations & Treasury, Finance, and Investment team will oversee fund allocation and management, ensuring that disbursements align with the approved project list.



The Institutional Relations & Treasury, Finance, and Investment team will also track and monitor fund allocations for each project, including a brief project description, project location, and the allocated funding amount. The Sustainability Council will conduct regular review (every six months) of the funded project list. Projects that no longer meet eligibility criteria will be removed or replaced with other qualifying projects.



For any unallocated funds, the net proceeds may be temporarily invested in cash, cash equivalents, and/or tradable securities, in accordance with IIF's cash management policy and exclusion criteria. These investments will be reported periodically.

### Reporting

IIF will publish an allocation report annually until the proceeds are fully allocated or should material changes be required to past allocation reports. This allocation reports will consist of all relevant information, and be uploaded to IIF's official portal, as follows:

- Key information related to the Framework, including project selection and eligibility criteria;
- An independent second-party opinion on the Framework and selected projects; and
- A summary of the project portfolio, which includes a brief project description, S&E categorization, and key documents related to the fulfillment of S&E principles for the respective projects.

In addition, where relevant and possible, IIF will report on the environmental and/or social impacts of the eligible assets financed from the Green Perpetual Notes which cover the following information:

- a. Total funds raised;
- b. List of projects funded through the issuance of Green Bonds;
- c. Brief descriptions of the financed projects;
- d. Allocated funds for each project;
- e. Composition of new financing vs refinancing; and
- f. Expected environmental and/or social impacts of the projects, using relevant indicators.

## 02 | The Issuance

The purpose of the issuance of IIF's Green Perpetual Notes is to strengthen IIF's equity, diversified funding sources, and improved maturity profile. This issuance is the first publicly offered issuance of Perpetual Notes in Indonesia for Professional Investors (including retail investors) and the first domestically issued Perpetual Notes labeled Green in the country. IIF received an effective statement for the issuance of the Green Perpetual Notes from OJK on 29 December 2023, which is why the issuance is labeled as 2023. The Green Perpetual Notes were subsequently listed on the Indonesia Stock Exchange (IDX) on 10 January 2024. The Green Perpetual Note's rating is 2 (two) notches below the corporate rating, reflecting the Perpetual Note's junior status given its classification as additional equity with the characteristic of complete discretion in coupon payment deferral.

This issuance has allowed IIF to receive several prestigious accolades, including:

- Best Innovative Deal of the Year in Asian Banking & Finance Award 2024, organized by Asian Banking & Finance.
- Sustainability Bond of the Year in Asian Banking & Finance Award 2024, organized by Asian Banking & Finance.
- Best ESG Service Provider in Corporate Treasurer Award 2024, organized by Haymarket Media.

### Structure Summary

#### Surat Berharga Perpetual Berwawasan Lingkungan Indonesia Infrastructure Finance Tahun 2023

01	Issuer	PT Indonesia Infrastructure Finance
02	Issuance Size	IDR 335,190,000,000,000
03	Maturity	No Maturity
04	Rating	AA <sub>idn</sub> (Double A) by Pefindo
05	Coupon	8.25% p.a
06	Coupon Payment	Semi-Annually
07	Listing	IDX – Jakarta Stock Exchange



## Primary Characteristic



### Repayment of Perpetual Notes

IIF has **the option to redeem the principal amount** at the end of the 5<sup>th</sup> year or on each anniversary of the issuance. The redemption shall be made without any penalties or additional charges.



### Step-up Rate

If IIF does not exercise the call option (at the end of the 5<sup>th</sup> year or on each anniversary of the issuance), then there will be a **step-up rate of 4.00%**.



### Discretion to Exercise the Call Option

**IIF maintains full discretion to execute the Call Option** on the Perpetual Notes even if an Event of Default occurs.



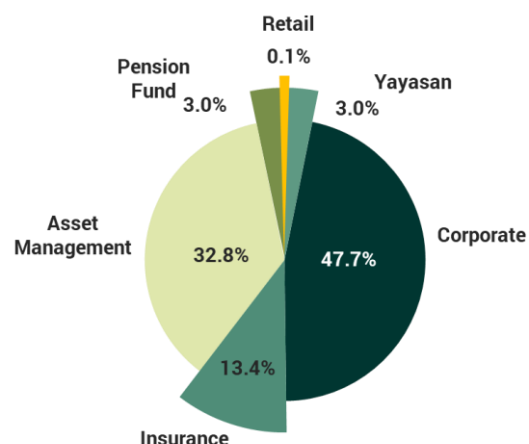
### Coupon Payment Mechanism

There is a **dividend pusher** and **dividend stopper** feature.

## Notes Holder Composition

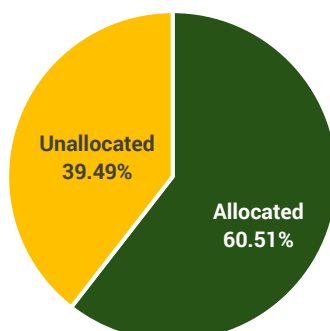
IIF Green Perpetual Notes have attracted significant interest from a diverse range of market participants. Demand for these innovative financial instruments is distributed across multiple sectors, highlighting their widespread appeal and growing relevance within the corporate landscape.

Corporate entities lead the demand for IIF Green Perpetual Notes, accounting for **47.7%** of the market, reflecting their commitment to sustainable finance and strategic capital deployment. Asset Management (**32.8%**) and Insurance (**13.4%**) sectors also play a significant role in driving demand. Beyond institutional investors, Pension Funds, *Yayasan* (Foundations), and retail investors contribute to the remaining market share, highlighting the broad appeal and inclusivity of the Green Perpetual Notes as an investment instrument.





### 03 | Allocation Report

As of 31 March 2025, IIF has allocated 60.51% of the proceeds of IIF Green Perpetual Notes 2023 issuance.



The allocation details can be seen as follows:

*Data as of 31 March 2025 (in IDR Billion)*

No	Eligible Category	Total Facility	Financing/ Refinancing	Amount Allocated	Alignment to SDGs
1	<b>Renewable Energy</b> - Biomass Power Plant Project in Aceh	250.00	Refinancing	199.30	 

#### Unallocated Proceed

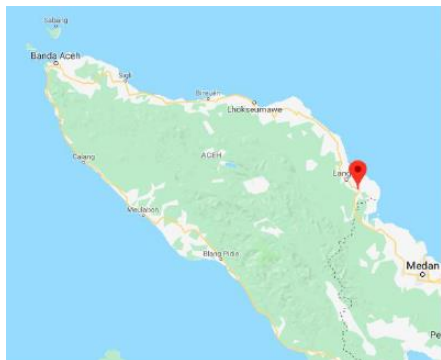
Any unallocated proceeds from the issuance of IIF Green Perpetual Notes may be temporarily invested in instruments that prioritize security and liquidity. Additionally, these placements should generate a reasonable financial return for IIF, such as through government bonds, savings accounts or time deposits under IIF's name. The Company aims to fully allocate the fund by January 2026 as required in the Framework.

In accordance with POJK No. 30/POJK/04/2015 regarding the Realization of Fund Utilization from Public Offering Report, below is the realization report of the unallocated proceed of IIF Green Perpetual Notes (net of issuance cost):

*Data as of 31 March 2025 (in IDR Billion)*

No	Amount	Interest Rate	Placement	Tenor	Affiliation Status
1	IDR 100.00	6.875%	Gov Bonds IDR - FR101	5 years	Not Affiliated
2	IDR 30.01	6.750%	Gov Bonds IDR - FR103	10 years	Not Affiliated

## Brief Descriptions of the Financed Projects



As the leading producer of palm oil worldwide, Indonesia has immense potential to maximize the use of palm fruit waste or known as Empty Fruit Bunch (EFB) as a source of energy. In line with efforts to stimulate the use of renewable energy to replace a portion of the fossil fuels used in power generation, the proceeds from the issuance of the IIF Green Perpetual Notes have been allocated to support the construction of a Biomass Power Plant project in Tanjung Seumantoh, Aceh, Sumatra. This Biomass Power Plant is planned to have a capacity of approximately 12 MW,

utilizing EFB waste from the Palm Oil Mill (*Pabrik Kelapa Sawit* or PKS) at Tanjung Seumantoh with the estimated project cost of USD 26,306,338 (eq. IDR434,054,577,000 using 1USD = IDR16,500).

The construction of this biomass power plant is a significant step towards reducing the carbon footprint and utilizing waste. By converting EFB into energy, the project aims to mitigate the environmental impact associated with palm oil production. Additionally, the power plant will stimulate the growth of the local economy through the generation of renewable electrical energy and will open up new job opportunities, fostering economic development in the region. The Tanjung Seumantoh Biomass Power Plant project exemplifies how renewable energy initiatives can contribute to both environmental sustainability and economic progress, leveraging Indonesia's abundant natural resources.

The project falls into Category B project (medium level of S&E Risk) according to IIF Social and Environmental Due Diligence (“**SEDD**”) against IIF Social and Environmental Principle (**SEP**)<sup>1</sup>. The project presents a limited adverse impact on the S&E aspects. The S&E issues found in the project related to IIF SEP 1, 2, 3, and 4 are considered manageable (or can be mitigated) to avoid or reduce the impact as long as the project is committed and willing to develop and implement the social and environmental management plan.

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<sup>1</sup> [IIF's S&E Principles – IIF](#)



## 04 | Project Impact Highlights

Estimated Impact/Benefits<sup>2</sup> of the Biomass Power Plant Project in Aceh:

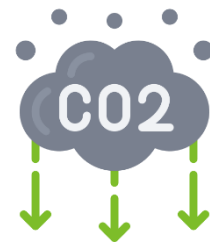
### Renewable Energy



The project is expected to achieve renewable energy generation of up to **105,120** MWh per year, contributing significantly to clean energy supply. This output supports thousands of households annually, reduces reliance on fossil fuels, and advances sustainability and emissions reduction goals.

### GHG Emissions

The project has a substantial environmental impact, with anticipated avoided Greenhouse Gas (GHG) emissions of up to **88,300.8 tons** of CO<sub>2</sub>-eq per year. By offsetting these emissions, the project contributes to climate change mitigation efforts, supports national and international decarbonization targets, and promotes a transition toward a low-carbon



### Electricity Provision



Through this project, electricity is estimated provide to up to **12,000** households, improving access to reliable energy, enhancing daily living condition and supporting local economic and social development.

<sup>2</sup> The calculation is based on IIF Internal assumption. The estimated avoided GHG emission is calculated by using IPCC Method, where the BAU is assumed using GHG emission of coal and subtracted by the GHG Emission of the Renewable Energy itself, using Emission Factor (EF) from Ministry of Energy and Mineral Resources (2019).

## 05 | Appendix

Estimated Impact/Benefits of the Biomass Power Plant Project in Aceh:

Eligible Categories	Type of Projects	Data Assumption
Renewable Energy	Biomass Power Plant	<p>The project is still in the construction Phase. The calculation for estimated GHG emission avoided is using assumption from:</p> <ul style="list-style-type: none"> <li>• Estimated Annual Net Power Supply to the Grid: 105,120 MWh</li> <li>• CO<sub>2</sub> Emission Factor: 0.84 tCO<sub>2</sub>/MWh for biomass power plants in the Sumatera Grid (Source: <i>Kementerian ESDM, 2019. Faktor Emisi Sistem Ketenagalistrikan</i>)</li> </ul>





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