



FINANCIAL SERVICES AUTHORITY  
OF THE REPUBLIC OF INDONESIA

COPY OF  
FINANCIAL SERVICES AUTHORITY REGULATION  
NUMBER 60 /POJK.04/2017  
ON  
THE ISSUANCE AND THE TERMS OF GREEN BOND  
BY THE GRACE OF GOD THE ALMIGHTY

BOARD OF COMMISSIONERS OF FINANCIAL SERVICE AUTHORITY,

- Considering :
- a. that in order to create sustainable development which is able to maintain the economic stability required in a national economic system which prioritizes harmony between economic, social and environmental aspects;
  - b. that the Sustainable Finance Roadmap in Indonesia issued by the Financial Services Authority should be followed up with the issuance of regulations that can develop the Capital Market industry and preserve the environment;
  - c. that in order to provide a legal basis and certainty to the issuer that will conduct a public offering of green bond, it is necessary to regulate the issuance and the terms of green bond;

- d. that based on the considerations as referred in letter a, letter b, and letter c, it is necessary to stipulate a Financial Services Authority Regulation on the Issuance and the Terms of Green Bond;

- In the View of :
1. Law number 8 of 1995 on Capital Market (State Gazette of the Republic of Indonesia of 1995 Number 64, Supplement to the State Gazette of the Republic of Indonesia Number 3608);
  2. Law Number 21 of 2011 on Financial Service Authority (State Gazette of the Republic of Indonesia of 2011 Number 111, Supplement to the State Gazette of the Republic of Indonesia Number 5253);

HEREBY DECIDES:

to enact: THE REGULATION OF FINANCIAL SERVICE AUTHORITY ON THE  
ISSUANCE AND THE TERMS OF GREEN BOND

## CHAPTER I

### GENERAL PROVISIONS

#### Article 1

In this Regulation of Financial Services Authority, what is meant by:

1. Securities are promissory notes, commercial paper, shares, bonds, evidence of indebtedness, Participation Units of collective investment contracts, futures contracts related to Securities, and all derivatives of Securities.
2. Green Bond are Bonds whose funds of proceeds are used to finance or refinance part or all of the activities of an environmentally sound business.

3. Environmental Based Business Activity, hereinafter abbreviated as KUBL (Kegiatan Usaha Berwawasan Lingkungan), means business activities and/or other activities aimed at protecting, restoring and/or improving the quality or function of the environment.
4. Environment Expert is:
  - a. an individual or group of persons who have the competence or expertise to conduct an assessment, verification or examination on the KUBL; or
  - b. institutions which possess the competence or expertise to conduct an assessment, verification or examination on KUBL.
5. Public Offering is a Securities offering activity conducted by an issuer to sell Securities to the public in ways stipulated in the Capital Market Law and its implementing regulations.
6. An Issuer is a Person who makes a Public Offering.
7. A Registration Statement is a set of document that must be submitted to the Financial Services Authority by the Issuer in order to make a Public Offering or Public Company.
8. Material Information or Facts is important or relevant information or facts concerning the events, incidents, or data that may affect the price of Security on an Exchange and/or the decision of an investor, a prospective investor or others that has an interest with such information or facts.

CHAPTER II  
ISSUANCE TERMS OF THE GREEN BOND

Article 2

An Issuer conducting a Green Bond Public Offering must comply with the provisions of laws and regulations in the Capital Market sector, that govern the Registration Statements, Debt Securities Public Offering, and other related regulations, unless specifically stipulated in this Financial Services Authority Regulation.

Article 3

- (1) The issuance of a Green Bond can only be done for financing and/or refinancing purposes of KUBL.
- (2) KUBL as referred in paragraph (1) can be
  - a. A new business activity and/or other activities;
  - b. An ongoing business activity and/or other activities;or
  - c. A completed business activity and/or other activities.

Article 4

KUBL that can be financed from the issuance of Green Bond can be in the form of a business activity and/or other activities related to:

- a. renewable energy;
- b. energy efficiency;
- c. pollution prevention and control;
- d. management of biological natural resources and sustainable land use;
- e. conservation of terrestrial and aquatic biodiversity;
- f. environmentally friendly transportation;

- g. sustainable water and wastewater management;
- h. adaptation to climate change;
- i. products that can reduce resource use and produce less pollution (eco-efficient);
- j. environmentally sound buildings that meet nationally, regionally, or internationally recognized standards or certifications; and
- k. other business activities and/or other activities that are environmentally sound.

#### Article 5

- (1) Issuers issuing Green Bond as referred in Article 2 must obtain an opinion or assessment from an Environmental Expert that the business activity and/or other activities underlying the issuance of Green Bond are beneficial for the environment.
- (2) The environmental expert as referred in paragraph (1) must have competences that are relevant to the business activity and/or other activities as referred in Article 4.
- (3) The business activity and/or other activities that are beneficial to the environment as referred in paragraph (1) are activities aimed at protecting, restoring and/or improving the quality or function of the environment.

### CHAPTER III

#### REGISTRATION STATEMENT DOCUMENT

#### Article 6

The Registration Statement Document for Public Offering of the Green Bond, in addition to being obliged to comply with the provisions in the Financial Services Authority Regulation concerning the Registration Statement document for Public Offering of Equity Securities, Debt Securities and/or sukuk (Islamic Bond), it must also be accompanied by the following additional documents:

- a. a statement of the Issuer's commitment to use the proceeds from the Public Offering of Green Bond on KUBL in accordance with the format presented in the Annex which is an integral part of this Financial Services Authority

Regulation;

- b. opinion or assessment result from the Environmental Expert that the business activity and/or other activities underlying the issuance of Green Bond are beneficial to the environment; and
- c. evidence of the competence of the Environmental Expert in giving opinion or assessment as referred in letter b.

## CHAPTER IV PROSPECTUS

### Article 7

The prospectus for the Public Offering of Green Bond, in addition to being obliged to comply with the provisions in the Financial Services Authority Regulation on the form and the contents of the prospectus and the short prospectus for the Public Offering of Debt Securities, must disclose the following additional information in a separate chapter:

- a. a description of KUBL financed by the proceeds from the issuance of Green Bond, shall at least contain:
  - 1. KUBL type; and
  - 2. The environmental sustainability objectives of the KUBL that the Issuer wishes to achieve;

- b. The processes and the methods applied to identify and manage social and environmental risks that are potentially materialized, relevant to the business activity and/or other activities referred in Article 4; and
- c. the summary of opinion or the result of assessment of the Environmental Expert as referred in Article 6 letter b.

CHAPTER V  
THE USE OF PROCEEDS FROM THE PUBLIC  
OFFERING

Article 8

The proceeds from the Public Offering of Green Bond must be at least 70% (seventy percent) used to finance the KUBL.

Article 9

- (1) The issuers may change the use of proceeds from the Public Offering of Green Bond according to the provisions of the Financial Services Authority Regulation on the realization report of the use of proceeds from the Public Offering.
- (2) The change in the use of the proceeds from the Public Offering as referred in paragraph (1) may only be done to KUBL.
- (3) Changes in the use of proceeds from the Public Offering as referred in paragraph (1) must be accompanied by an opinion or assessment result from an environmental expert as referred in Article 6 letter b.

CHAPTER VI  
REPORTING

Article 10

- (1) The issuer issuing Green Bond as referred in Article 2 is obliged to submit the results of the Environmental Review report on a regular basis of once a year and each material change in the KUBL.
- (2) The review report as referred in paragraph (1) is attached to the Issuer's annual report submitted to the Financial Services Authority.
- (3) The submission of the review report as referred in paragraph (1) must be performed until all the obligations of the Issuer to the Green Bond holders are completed.

Article 11

- (1) The issuer is required to manage the proceeds from the Public Offering of the Green Bond and submits reports on the use of proceeds from the Public Offering as stipulated in the Financial Services Authority Regulation on the realization report of the use of the proceeds from the Public Offering.
- (2) The management of the proceeds from the Public Offering as referred in paragraph (1) must be made by creating a special account or by making a separate note in the notes of the financial statements.

CHAPTER VII  
THE AMENDMENT STATUS OF THE GREEN BOND

Article 12

- (1) In the event that the review report as referred in Article 10 paragraph (1) states that the business activity and/or other activities no longer fulfill the requirements as a KUBL, the issuer is obliged to prepare a plan and make efforts to keep other businesses and/or activities to fulfill the requirements as a KUBL.
- (2) The plan and the efforts as referred in paragraph (1) along with the review report which states that the business activity and/or other activities no longer meet the requirements as a KUBL must be submitted to the Financial Services Authority no later than 14 (fourteen) working days after the review report date.
- (3) The effort as referred in paragraph (1) must be made no later than 1 (one) year since the plan and the efforts are received by the Financial Services Authority.

Article 13

- (1) A Green Bond is no longer a Green Bond if the effort made by the Issuer as referred in Article 12 fails to make the business activity and/or other activities financed from the proceeds of the Green Bond issuance re-qualify as a KUBL.
- (2) In the event of a condition as referred in paragraph (1), the Issuer must submit an Information or Material Facts report to the Financial Services Authority and make an announcement to the public as stipulated in the Financial Services Authority Regulation on the disclosure of Information or Material Facts by an Issuer or a public company.

Article 14

- (1) In the case of a condition as referred in Article 13 paragraph (1), the holders of the Green Bond may request the Issuer:
  - a. to repurchase the Green Bond; and/or
  - b. to compensate in the form of coupon increases on the Green Bond.
- (2) The provisions on the procedure of the repurchase and the compensation granted including the amount of coupon increase as referred in paragraph (1) must be included in the trustee agreement.
- (3) The request for repurchase and/or compensation as referred in paragraph (1) must be made through the trustee.
- (4) In the case that Holders of Green Bond require the Issuer to repurchase and/or compensate in the form of coupon increases on the Green Bond as referred in paragraph (1), the Issuer is required to buy back the Green Bond and/or to compensate in the form of coupon increase on the Green Bond.
- (5) The repurchase of the Green Bond by the Issuer as referred in paragraph (2) must be conducted under the following provisions:
  - a. The Green Bond that has been repurchased by the Issuer as referred in paragraph (4) can not be resold by the Issuer;

- b. the mechanism for fixing the repurchase price is presented in the trustee agreement; and
- c. the execution of the repurchase must be completed no later than 3 (three) months after the trustee submits a repurchase request.

#### Article 15

In implementing the obligations as referred in Article 14 paragraph (5), the party who acts as an insurer can be arranged in the trustee agreement.

#### Article 16

The issuer is exempted from the obligation to repurchase the Green Bond and/or to compensate in the form of a coupon increase on the Green Bond as referred in Article 14 paragraph (4), if the conditions as referred in Article 13 paragraph (1) are caused by a circumstance beyond the capability and the power of Issuer which includes:

- a. natural disasters, wars, riots, fires, strikes that significantly affect the business of the Issuer; and/or
- b. other events that significantly affect the business continuity of the Issuer as set by the Financial Services Authority.

#### Article 17

- (1) The Financial Services Authority may provide incentives for the Issuers who issue the Green Bond.
- (2) The provision of incentives as referred in paragraph (1) is stipulated by the stipulation of the Financial Services Authority.

Article 18

The incentive granting as referred in Article 17 shall not apply in the event when the business activity and/or other activities as the basis of the issuance of the Green Bond is no longer qualified as a KUBL.

CHAPTER VIII

PROVISIONS ON  
SANCTIONS

Article 19

- (1) Without prejudice to the criminal provisions of the capital market, the Financial Services Authority is authorized to impose administrative sanctions against any party violating the provisions of this Financial Services Authority Regulation, including those who cause the violation to occur, in the form of:
  - a. written warning;
  - b. fine, i.e. the obligation to pay a certain amount of money;
  - c. restrictions on the business activity;
  - d. suspension of the business activity;
  - e. revocation of the business license;
  - f. cancellation of approval; and/or
  - g. cancellation of registration.
- (2) The administrative sanctions as referred in paragraph (1) letter b, letter c, letter d, letter e, letter f, or letter g may be imposed with or without first imposing the administrative sanctions in the form of written warning as referred in paragraph (1) a.
- (3) The administrative sanctions in the form of fines as referred in paragraph (1) letter b may be imposed separately or jointly with the imposition of administrative sanctions as referred in paragraph (1) letter c, letter d, letter e, letter f, or letter g.

Article 20

In addition to the administrative sanctions as referred in Article 19 paragraph (1), the Financial Services Authority may take certain actions against any party that violates the provisions of this Financial Services Authority Regulation.

Article 21

The Financial Services Authority may announce the imposition of administrative sanctions as referred in Article 19 paragraph (1) and certain actions as referred in Article 20 to the public.

CHAPTER IX

CLOSING

Article 22

This Financial Services Authority Regulation is come into force on the date of promulgation.

For public cognizance, this Financial Services Authority Regulation shall be promulgated by publishing it in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta  
on 21 December 2017

CHAIRMAN OF THE  
FINANCIAL SERVICES  
AUTHORITY BOARD OF  
COMMISSIONER,

(signed)

WIMBOH SANTOSO

Promulgated in Jakarta  
on 22 Desember 2017

THE MINISTER OF LAW AND HUMAN RIGHTS  
THE REPUBLIC OF INDONESIA,

(signed)

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2017 NUMBER 281

This is a true copy of the original document

Director of Law 1  
Department of Law

signed

Yuliana

ANNEX  
OF  
FINANCIAL SERVICES AUTHORITY REGULATION  
NUMBER 60 /POJK.04/2017  
ON  
TERMS AND ISSUANCE OF A GREEN BOND

I. GENERAL

The capital market as one of the financing sources of national development has a very important role in increasing the distribution, growth, and stability of the national economy towards the improvement of people's welfare. However, national developments which utilize excessive resources can widen social inequalities and lead to environmental degradation.

The Government of Indonesia through its long-term development strategy in the 2005-2025 Long Term Development Plan (RPJP) states that the vision of national development in 2005-2025 is to achieve an independent, progressive, fair and prosperous Indonesia. The realization of the vision of national development is pursued through 8 (eight) development missions. One of these missions is to make Indonesia green and sustainable by:

1. Managing the development implementation by maintaining balance between utilization, sustainability, existence, and the use of natural resources and environment;
2. Sustainable economic utilization of the natural resources and environment; and

3. maintenance and utilization of biodiversity as the basic capital of development.

The implementation of the Sustainable Finance principle as the embodiment of the mission of green and sustainable Indonesia is a tangible form of Indonesia's commitment to the international world by providing funding sources to mitigate and adapt to the climate changes. The capital market as one of the financial institution systems in Indonesia is expected to be able to apply the principle of sustainable finance which is the implementation of Law Number 32 of 2009 on Environmental Protection and Management to develop and apply environmental economic instruments including environmentally friendly policies.

In order to support Indonesia's international commitments mentioned above, the Financial Services Authority has issued a Sustainable Finance Roadmap as the implementation of sustainable development in the financial sector, in particular concerning the sustainable economic development that is environmentally sound. One of the issues that must be achieved in the Sustainable Finance Roadmap is the development of debt securities in which the purpose of the issuance is to maintain or improve environmental sustainability.

In order to provide a legal basis for the development of debt securities as mentioned above, the Financial Services Authority is required to issue a Financial Services Authority Regulation on the Issuance and Terms for Green Bond.

Considering that Green Bond is a new product in the Indonesian capital market, the formulation of this Financial Services Authority Regulation refers to the standard issuance of Green Bond issued by The International Capital Market Association (ICMA).

The regulatory provisions set forth in this Financial Services Authority Regulation include:

1. the issuance of Green Bond can only be done to finance or refinance KUBL;
2. the business activity and/or other activities which may be financed by the issuance of Green Bond;
3. the Issuer's obligation to obtain an opinion or assessment from an Environmental Expert in accordance with its competence on the business activity and/or other activities financed by the issuance of the Green Bond;
4. the use of the proceeds from Green Bond; and
5. the obligation to be performed by the Issuer in the case that a Green Bond is no longer a Green Bond.

## II. ARTICLE BY ARTICLE

### Article 1

Self explanatory.

### Article 2

Self explanatory.

### Article 3

Self explanatory.

### Article 4

#### Letter a

What is meant by "renewable energy" is a source of energy that is generated from sustainable energy resources if managed properly, including geothermal, wind, bioenergy, sunray, water current and waterfall, as well as the movement and differences in sea water temperature.

Examples of business activities and/or other activities that utilize renewable energy include the construction of mini hydro and the use of solar power for power plant.

Letter b

What is meant by "energy efficiency" is a step, method, or principle that is expected to use energy efficiently.

Examples of business activities and/or other activities that utilize energy efficiency include:

1. The construction of new buildings and environmentally-friendly renovation buildings by reducing the electricity consumption for lighting and air circulation which allows the reduction of Air Conditioner (AC) use;
2. energy saving;
3. district heating; or
4. smart grids.

Letter c

What is meant by "pollution prevention and control" includes wastewater treatment, air emission reduction, greenhouse gas control, soil remediation, waste prevention, waste reduction, recycling of waste for energy to add product value and waste reconditioning, and environmental monitoring analysis.

Letter d

What is meant by "Sustainable natural resource management and sustainable land use" includes sustainable agriculture, sustainable livestock, fisheries, aquaculture, forestry and climate-resilient agriculture and the conservation of biological or irrigated food crops.

Letter e

What is meant by "the conservation of terrestrial and aquatic biodiversity" includes the protection of coastal, marine, and watershed environments.

Letter f

What is meant by "eco-friendly transportation" includes electricity, hybrid transportation, public transportation, electric trains, non-motorized vehicles, multi-modal transportation, infrastructure for vehicles with environmentally friendly energy and harmful emissions reductions.

Letter g

What is meant by "sustainable water and wastewater management" include environmentally friendly and/or drinking water infrastructure, urban drainage system and various forms of flood mitigation.

Letter h

What is meant by "climate change adaptation" includes the support of information systems such as climate observation and early warning systems.

Letter i

What is meant by "products that can reduce resource use and produce less pollution (eco-efficient)" include the development and introduction of eco-friendly products with eco-label or environmental certification as well as resource-saving packaging and distribution.

Letter j

Self explanatory.

Letter k

Self explanatory.

Article 5

Paragraph (1)

What is meant by "opinions or judgments" may include:

1. assessment opinion;
2. verification;
3. certification report; or
4. examination results.

Paragraph (2)

What is meant by "competence" is the competence required to perform an assessment on a KUBL selected by the Issuer.

Paragraph (3)

Self Explanatory.

Article 6

Letter a

Self Explanatory.

Letter b

What is meant by "opinions or judgments" may include:

1. assessment opinion;
2. verification;
3. certification report; or
4. examination result.

Letter c

What is meant by "evidence of Environmental Experts competence" include:

1. having a competence or expertise certificate issued by a nationally or internationally recognized institution in the environmental field; or
2. having the experience and expertise in the field of environmental audits that can be proven by the expert's work experience or active involvement in an environmentally sound activity.

Example

Having competence certificate from an institution which has been stipulated based on the State Minister of Environment Regulation Number 22 of 2009 on the Procedure of Registration of Environmental Competency or its implementation regulation.

Article 7

Letter a

Number 1

What is meant by "KUBL type" is one or more business activities or other activities that are environmentally sound as referred in Article 4.

Number 2

Example 1:

In the case of Green Bond are used for green building financing, the environmental sustainability objectives of KUBL are to support government programs such as CO<sub>2</sub> emission reductions, electricity energy savings and water consumption savings.

Example 2:

In the case of Green Bond are used to finance sustainable management of peat ecosystem, the environmental sustainability objectives of KUBL are, among other things, the realization of aquaculture development in peat lands on an ongoing basis.

Letter b

Self Explanatory.

Letter c

Self Explanatory.

Article 8

Self Explanatory.

Article 9

Self Explanatory.

Article 10

Paragraph (1)

What is meant by "of a regular basis of once a year" is a review that is conducted every year since the effective Registration Statement of Continuous Public Offering and no later than on the anniversary of the Green Bond issuance.

Example:

If the Green Bond obtain an effective statement from the Financial Services Authority on November 25, 2017, the Issuer has an obligation to conduct a periodic review no later than November 25, 2018.

Examples of material changes in a KUBL of mini hydro powerplant project:

The contract model associated with the construction of mini hydro powerplant project originally used a "turnkey" model, but it was changed to a contract model of "long term service agreement".

Paragraph (2)

Self explanatory.

Paragraph (3)

Self explanatory.

Article 11

Self Explanatory.

Article 12

Self Explanatory.

Article 13

Self Explanatory.

Article 14

Self Explanatory.

Article 15

Self Explanatory.

Article 16

Letter a

Self explanatory.

Letter b

What is meant by "other events that significantly affect" is, among others, changes in government policy.

Article 17

Paragraph (1)

Examples of incentives that can be provided by the Financial Services Authority include:

- a. to include Issuers in the human resources competence development program;
- b. bestowal of Sustainable Finance Award; and/or
- c. other incentives.

Paragraph (2)

Self Explanatory

Article 18

Self Explanatory.

Article 19

Self Explanatory.

Article 20

What is meant by "certain actions" may include:

- a. a postponement of an effective statement, e.g. an effective statement for a business merger, a business acquisition; and
- b. a postponement of a Financial Services Authority statement, that there is no further response to the documents submitted to the Financial Services Authority in order to increase the capital by granting Preemptive Rights of Public Company.

Article 21

Self explanatory.

Article 22

Self explanatory.

SUPPLEMENT TO THE STATE GAZETTE OF THE REPUBLIC OF INDONESIA  
NUMBER 6149



FINANCIAL SERVICE AUTHORITY  
REPUBLIC OF INDONESIA

APPENDIX  
FINANCIAL SERVICE AUTHORITY REGULATION  
NUMBER 60 /POJK.04/2017  
ON  
ISSUANCE AND TERMS OF GREEN BOND

**ISSUER STATEMENT**

I, the undersigned below (President director/member of the board of directors authorized to represent the Issuer in accordance to the articles of association)\* represent:

Issuer : .....  
Business activity : .....  
Address : .....  
Phone and facsimile : .....

For Public Offering .....(specify the Green Bond offered) in the amount of ..... hereby declares that it is committed to use the proceeds from the Public Offering .....(specify the Green Bond offered) to finance or refinance the Environmentally Friendly Business Activity

..... (place) , ..... (date/month/year)

(President director/ member of the board of directors authorized to represent the Issuer in accordance with the articles of association)\*

Seal

.....  
(full name and signature)

\*cross the unnecessary

Promulgated in Jakarta  
on 21 December 2017

CHAIRMAN OF THE FINANCIAL SERVICES  
AUTHORITY BOARD OF COMMISSIONER,

This is a true copy of the original document  
Director of Law 1  
Departement of

signed

Law

signed

WIMBOH SANTOSO

Yuliana