



Green finance framework



SEPTEMBER 2021



FOREWORD

As a State-Owned Enterprise whose main objective is to provide electricity for public consumption at an affordable price, PLN pays close attention to the occurrence of fundamental changes in its business environment. As such, PLN's strategy is increasingly focused on sustainable development and the low carbon transition. In order to address these challenges, PLN is committed to a green business model and green finance is key for PLN to achieve this transition. This Green Finance Framework represents a key tool for PLN to issue green debt instruments in the future.

PLN's long-term strategy, based on environmental and social considerations, is in line with the United Nations' Sustainable Development Goals 2030 Agenda. PLN is entirely dedicated to supporting the achievement of these goals by producing innovative, affordable, inclusive and clean energy for the people of Indonesia. In the context of COVID-19, PLN drafted its initiative PLN Transformation – Power Beyond Generation - around four strategic targets, namely (i) shaping PLN into a company that provides environmentally-friendly energy (Green), (ii) fueling its growth through

innovative business model and services (Innovative), (iii) satisfying customer with the quality of world class services (Customer Focused), and (iv) as a nimble, reliable and competitive power utility provider (Lean).

PLN is aware that environmental concerns have become a global issue, capturing the attention of the international community. Public information disclosure, Indonesia's commitments to reduce GHG emission, and statutory regulations on environmental protection are at the core of PLN's strategy.

PLN is fully committed to delivering on the government's policies to reduce emissions through increasing the share of renewable energy in its generation mix, by financing the construction of renewable electricity generation plants and by supporting the development of IPPs in the country, a key vector of the government's strategy for reducing greenhouse gas emissions. PLN has made important progress and will continue to move forward to fulfil its objectives of developing clean energy. This implies the use of green finance, and the issuance of green instruments constitute an important step in this journey.

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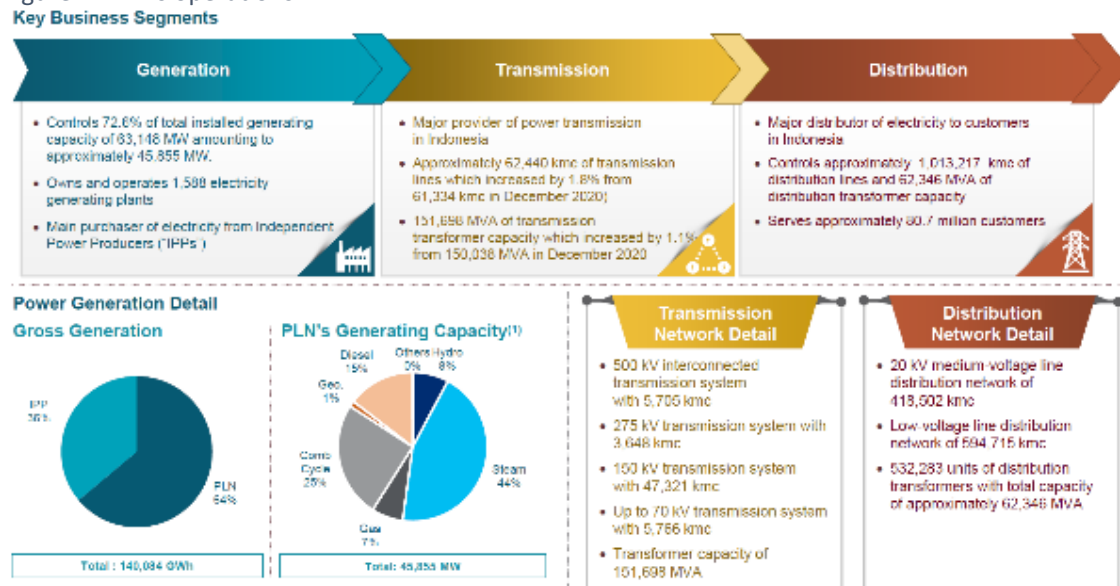
1. Introduction

PT Perusahaan Listrik Negara (Persero) ("PLN") is Indonesia's national power utility company. As of June 2021, PLN serves over 80.7 million customers, making it one of the largest electric utility companies in the world by number of customers. A wholly government-owned corporation and the second largest state company by assets in Indonesia, PLN is mandated to support the national development by providing reliable electricity supply to all regions of the country.

Except for a small number of industrial estates and off-grid areas, PLN is the sole buyer, transmitter, and distributor of electricity in Indonesia. PLN's power supply comes from a mix of its own generation, totaling 45,855 MW, and purchases from independent power producers (IPPs) totaling 17,293 MW as of June 2021.

An overview of PLN's current operations is provided in Figure 1.

Figure 1: PLN's operations



Source: PLN (as of 30 June 2021)

The COVID-19 pandemic, followed by the implementation of large-scale social restriction policies, led to an unprecedented shock to the Indonesian economy in 2020, with real GDP growth falling to (2.1%), compared to +5.0% in 2019.

Considering depressed economic conditions following the pandemic, PLN contributed to the realization of several programs to support the national economic recovery. Most notably, PLN supported the National Economic Recovery Program, by rolling out the Incentive Programs:

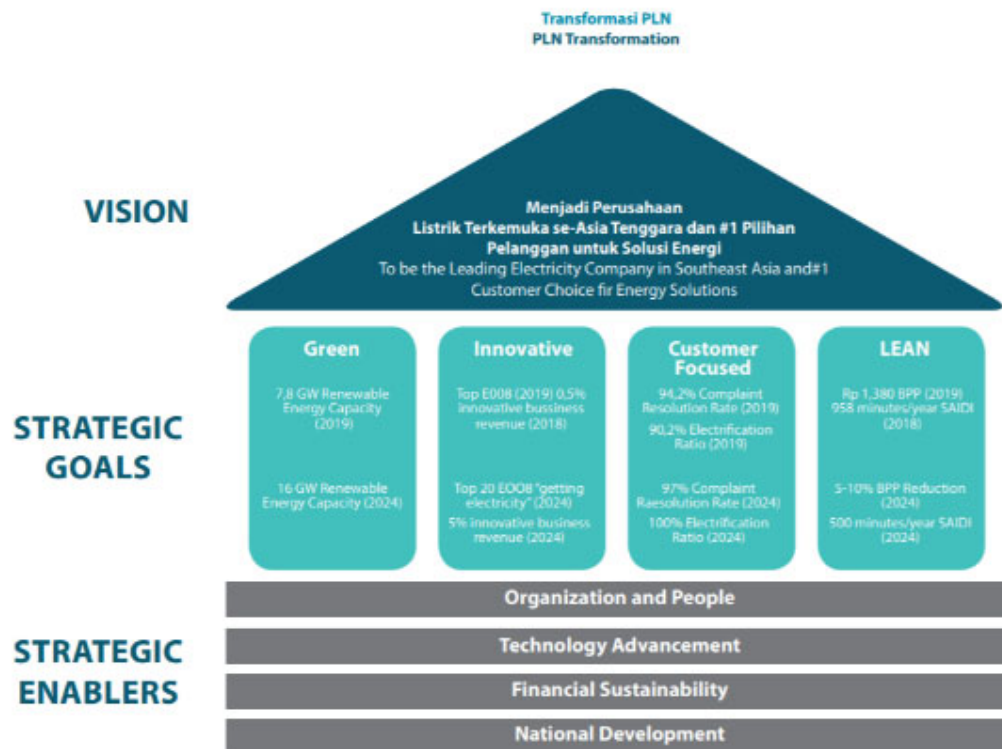
- Free electricity for low-income customers with installed capacity of 450 VA and 50% discount for 900 VA.
- Discount on fees for installation and additional capacity for micro, small and medium-sized businesses.
- Technical mechanism to waive electricity tariffs and to provide free tokens for Small-Scale Business (B1) and Small-Scale Industry (I1) customers with 450VA power connection.



PLN has to adapt its core and auxiliary business process in response to changing and evolving technology to ensure its business continuity. In April 2020, PLN launched its new transformation program for its future business development, entitled “**Power beyond Generations**”.

PLN Transformation program focuses on four strategic objectives, namely **Green, Lean, Innovative** and **Customer Focused**, which are expected to make

PLN the leading power generating company in Southeast Asia and the number one consumer choice in solutions for energy supply. PLN also set strategic supporting objectives, namely: **Organization & People, Technology Advancement, Financial Sustainability**, and **National Development**. Through this transformation, PLN continues to make efforts to show a positive contribution in supporting the achievement of its environmental goals.



Source: PLN

In the midst of the COVID-19 pandemic, PLN continued to improve its preparedness and readiness in maintaining electricity supply to customers by applying high standards, especially in electricity supply operations, which include primary energy supply, power plant, load regulation, transmission, and distribution. In order to overcome and anticipate the impact of the COVID-19 pandemic on all aspects of the business, PLN set various strategic goals, including: 1) to continue to meet electricity needs with reliable services, 2) to secure primary energy supply, 3) maximize operational efficiency, 4) to consolidate the strength of its balance sheet to meet investment needs, 5) to strengthen the readiness of human resources and of the firm, and 6) to increase the share of new and renewable energy in the primary energy mix.

2. Environmental Policy and Priorities

Energy Transition into New and Renewable Energy

PLN is intensively improving the quality of its energy mix in the generation of electricity. PLN strives to reduce the environmental impact of its power generating plants, through the construction of new generating plants based on new and renewable energy sources. In line with the government's directive, through the Ministry of Energy and Minerals Resources, **PLN is targeting a mix of new and renewable source of energy of 23% by 2025 and aims to achieve carbon neutrality by 2060.**

The share of new and renewable energy sources produced by PLN, both from self-owned plants, leases and IPPs in 2020, will reach 13.1%. RUPTL projections indicate that to achieve PLN's target mix, it should have new and renewable energy generating plants with a total capacity of 19.9 GW by 2025. At year-end 2020, the total capacity of PLN's new and renewable energy generation was 7.9 GW, which means that it must develop additional new and renewable energy generation capacity of 12.0 GW. An alternative to the new and renewable energy generating plant are those that use geothermal, wind, solar, hydro and biomass sources of energy.

Climate change

Indonesia's commitment to expand the use of renewable energy to provide clean and affordable energy, implies that new and renewable energy should represent 23% of primary energy demand by 2025 and 31% by 2050. Energy supply is the second biggest contributor to greenhouse gas (GHG) emissions in the country after agriculture, forestry, and other land use (AFOLU).

In 2016, the energy sector contributed approximately 538,000 GgCO₂e or about 37% of the total national GHG emissions of 1.458 million GgCO₂e. Electricity generation accounted for 43% of energy sector GHG emissions, or 16% of Indonesia's total GHG emissions. PLN, therefore, directly and through power purchases, account for roughly 15% of Indonesia's total GHG emissions, or approximately 0.4% of total global GHG emissions. Consequently, PLN has a key role in helping the country reduce its GHG emissions in line with the Government's commitments. The success of the various generating units in increasing energy efficiency contributes to efforts to reduce GHG emissions, with a total reduction of 20.69 million tons of CO₂ in 2020.

In 2020, 23 power plants of PLN and its Subsidiaries won the Gold and Green PROPER rating (Rating Program in Environmental Management), organized by the Ministry of Environment and Forestry of the Republic of Indonesia. These power plants have implemented energy efficiency programs in the 2020 PROPER Assessment Period with efficiency results of 117.39 million Gigajoule or 12.57% of the total energy produced by these plants.

In an effort to **achieve carbon neutrality by 2060**, PLN is making efforts to retire fossil fuel plants starting from 2030 and significantly reduce the number by 2040 after completion of the contracts. PLN aims to start retiring its conventional steam power plants by 2030, subcritical coal plants by 2035, supercritical plants by 2040 and ultra-supercritical plants by 2056. The shift from fossil fuel-based energy sources towards more sustainable energy sources will also increase the share of domestically produced energy.

Clean Transportation

By 2030, transport emissions in Indonesia are projected to increase by 53% above their 2015 levels, and almost double from 2030 to 2050. Electric vehicles, sustainable biofuels and more stringent fuel economy standards will drastically reduce greenhouse gas emissions from transport. Therefore, it is expected that electric cars' and motorcycles' penetration will reach 90% in 2060.



PLN supports the implementation of Presidential Regulation No. 55 of 2019 concerning the Acceleration of Battery Electric Vehicle (KBL) Program for Road Transportation. Currently, PLN has signed 20 Memorandum of Understandings with strategic partners, from the private sector and SOEs, and the Ministry to develop the electric vehicle ecosystem.

One of them is the roll out of an application platform called Charge.In. This is the first domestic application and is used to control and monitor the charging of electric car batteries at public electric vehicle charging stations (SPKLU). At the end of 2020, PLN provided 62 public electric vehicle charging station (SPKLU) across 37 locations. SPKLUs are intended to make it easier for electric vehicle users to recharge their vehicles. PLN is targeting to build 4,200 SPKLU by 2025 through a business cooperation scheme, equivalent to around 10% of the electric car supply in 2025, which is estimated to reach 42 thousand units.

Reducing Environmental Impacts

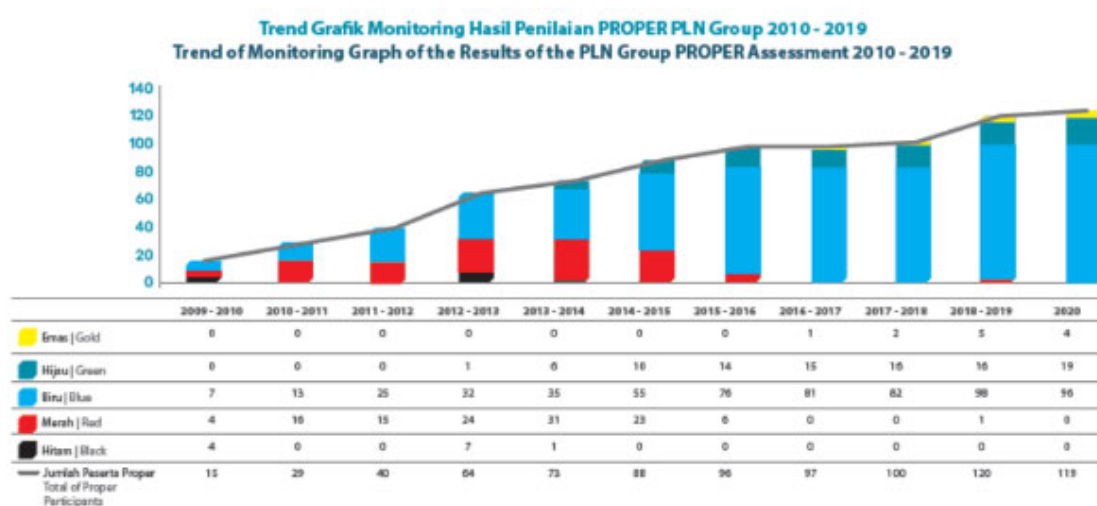
PLN has also implemented several additional programs to improve the environmental management of its operations, including:

- Launched the **Green Booster Program** to ensure the achievement of the target energy mix of 23% EBT by 2025.
- Implementation of the **Verified Carbon Standard (VCS)** in line with the Kyoto Protocol for the development and construction of renewable energy plants to obtain carbon credits. PLN provides carbon offset services for organizations, companies, or individuals who want to compensate for their carbon footprint by buying carbon credits from renewable energy generators. This service is available on the webshop page of South Pole (<https://market.southpole.com/home/offsetemissions/project-details/73>), which is PLN's partner in the development of the verified carbon standard (VCS) program. Three hydroelectric power plants in Sumatra have been certified for 3.7 MCO₂e reductions in emissions under this scheme.
- Implementation of a **Clean Development Mechanism (CDM)** project: up to 2020, PLN had obtained 8.2 million tons of CO₂ carbon credit from five renewable energy power plants, namely the Lahendong Geothermal Power Plant, Kamojang Geothermal Power Plant, Musi Hydro Power Plant, Sipansihaporas Hydro Power Plant, and Renun Hydro Power Plant.
- **Plant-level monitoring of GHG emissions** through an application developed by the Directorate General of Electricity under MEMR. Annual fuel consumption data along with plant characteristics are entered for each generating unit, and the application determines

GHG emissions using the methodology of the Intergovernmental Panel for Climate Change (IPCC). These results are used for benchmarking plant performance and developing plant-specific plans to reduce emissions.

- PLN published a **Statement of Intent on a Sustainable Financing Framework** on 02 November 2020 as part of its sustainable finance strategy, in line with PLN's aspiration to transition towards a green institution. The Statement provides a framework for PLN to realize its commitment to increase the use of clean energy and reduce carbon emissions. It is an important initial step for PLN to participate more actively in green financing.

One of the success indicators in Environmental Management in the electricity sector, especially in power-generation, is the achievement of PROPER (Rating Program in Environmental Management). This is an annual program organized by the Ministry of Environment and Forestry of the Republic of Indonesia.



Source: PLN

In 2020, PLN successfully recorded 4 Gold PROPER Rating out of the 5 Gold PROPER ratings it achieved in the previous year. The four Business Units that obtained Gold PROPER were: Tanjung Jati B Coal Fired Power Plant managed by PLN, Kamojang Geothermal Power Plant and Pesanggaran Gas Power Plant managed by PT Indonesia Power (PT IP) and Gresik Gas-Fired Combined Cycle Power Plant managed by PT Pembangunan Jawa Bali (PT PJB).

Gold PROPER is the highest rating a company can get in environmental management, especially with regards to the efficiency of natural resource utilization and enhancement of biodiversity, as well as community empowerment practices through CSR programs. In addition to Gold PROPER, PLN also earned 19 Green PROPER Ratings, and 96 Blue PROPER Ratings out of the 119 PLN units that participated in the PROPER assessment program. None of the 119 PLN generators received Red or black PROPER ratings in 2020.

Renewable Energy Certificate

To accommodate customer demand of electricity supplied from new and renewable energy power plants, PLN introduced the Renewable Energy Certificate (REC) in November 2020. With the Renewable Energy Certificate (REC) ownership mechanism, customers can prove that the REC owner is the party entitled to claim ownership of a certain amount of renewable energy units. 1 REC unit is

equivalent to 1 MWh of electrical energy. This service product resulted from the increasingly strong global commitment to preserve the environment by using electricity sourced from renewable energy sources to curb emissions.



With the certificate, the owner can claim or state that the electricity they use is sourced or produced from renewable energy sources. In the process, PLN alone cannot issue an REC since issuing the certificate requires tracking and due diligence processes to be undertaken by an international platform/agency to make the REC issued acceptable to all stakeholders. After an REC is issued, PLN will then transfer the REC ownership to customers/non-customers who want recognition for the

use of renewable energy.

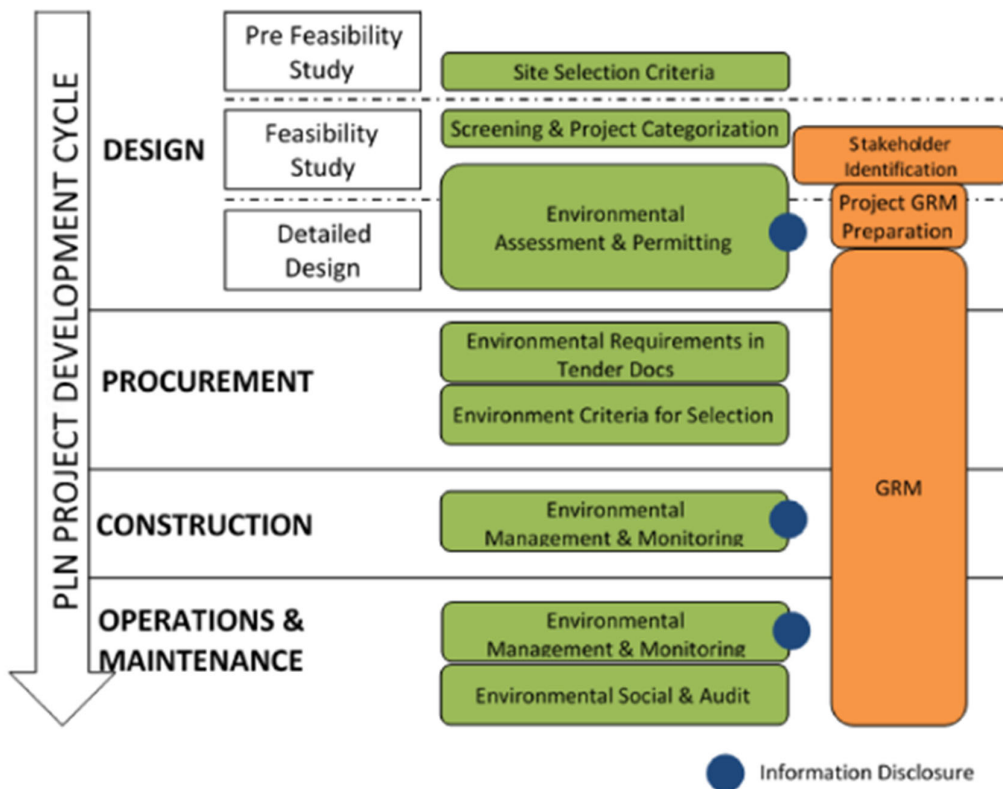
The certification service will enable PLN to always meet and satisfy the needs of its customers and other consumers. The growing market for RECs can stimulate the participation of all parties in protecting the environment using electricity sourced from renewable energy.

Improving internal processes

Alongside ongoing initiatives to reduce environmental impacts, PLN is also strengthening its internal processes and policies with regards to environmental sustainability. PLN is also improving internal regulations, procedures, and institutional capacity to meet best practices in environmental safeguards as represented by the requirements of multilateral lenders such as the World Bank and the Asian Development Bank (ADB).

Actions include: (i) increased staffing numbers in PLN's Health, Safety, Security and Environment (HSSE) and Permitting and Land Acquisition divisions; (ii) implementing improved internal guidelines for environmental protection and involuntary resettlement safeguards; and (iii) capacity building in key aspects such as hazardous waste management, livelihood restoration, gender and vulnerability assessments and grievance redress mechanisms. In November 2019, PLN issued new environmental and social safeguard guidelines, prepared with the assistance of the Asian Development Bank (ADB), and aligned with international best practices.

Figure 3: Environmental and social safeguard actions in the project development cycle



Source: PLN Guidelines on Environmental Safeguards for Development of Electricity Infrastructure (November 2019)
GRM = grievance redress mechanism

PPAs as a key vector of the government's environmental policies

Given the responsibilities that PLN is entrusted with regarding the management of Indonesia's electricity sector the company is not able to manage the full transition of the country's electricity generation towards renewable energy sources through proprietary investments. The government's strategy in order to facilitate this transition is heavily reliant on Independent Power Producers ("IPPs") that develop new renewable power plants and sell electricity to PLN through Purchase Power Agreements ("PPAs"). In this regard, PLN acting as the sole off-taker of these PPA payments is key for supporting the development of these IPPs and thus accelerate Indonesia's transition towards a greener energy mix.

3. PLN's Green Finance Framework

The issuance of green debt instruments is an important element of PLN's "green" transformation. PLN is establishing this "Framework" to enable the issuances of financial instruments as aligned with the following green finance market principles listed below:

- International Capital Market Association ("ICMA") Green Bond Principles ("GBP") 2021¹
- the ASEAN Green Bond Standards ("GBS") issued by the ASEAN Capital Markets Forum (ACMF) in October 2018²; and
- Loan Market Association ("LMA")'s Green Loan Principles ("GLP") 2021³

ensuring adherence to the following core elements:

1. Use of Proceeds.
2. Process for Project Evaluation and Selection.
3. Management of Proceeds.
4. Reporting.

In addition, PLN recognizes the importance of a third-party verification to establish its credibility in the market and have therefore identified this as a fifth element of its framework.

Types of debt instruments

PLN plans to prioritize green bonds and green loans under this Framework:

- The debt instruments issued will thus enable PLN to achieve its key objectives with respect to environmental protection. Directing an amount equivalent to the net proceeds raised to green projects will contribute to PLNs, and more broadly Indonesia's, environmental protection goals.
- Green financing transactions issued under this Framework may take the form of public transactions or private placements, in bearer or registered format, and may take the form of senior unsecured or subordinated issuances.

A. Use of Proceeds

The net proceeds of these debt instruments will be exclusively used to finance or refinance expenditure, in whole or in part, which meet the eligibility criteria laid out in this section ("**Eligible**

¹ ICMA Green Bond Principles, June 2021, <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² In alignment with ACMF Green Bond Standards, October 2018, <https://www.theacmf.org/initiatives/sustainable-finance/asean-green-bond-standards>. The ASEAN GBS are intended to provide additional guidance on the application of the ICMA GBP as well as to enhance transparency, consistency, and uniformity of ASEAN Green Bonds


³ LMA Green Loan Principles, February 2021, <https://www.lsta.org/content/green-loan-principles/>

Projects”). Eligible Projects are projects which could promote environmental benefits of climate change mitigation, including renewable energy and energy efficiency.

A maximum 3-year look-back period would apply for refinanced projects and PLN expects each issuance under this framework to be fully allocated within 2 years from the date of issuance.



Eligible Projects must fall into at least one of the following aspects:

Green Use of Proceeds

Eligible Project Categories	Indicative Projects / Activities	Aligned SDGs
Renewable Energy	<ul style="list-style-type: none"> Development of renewable energy sources for generation and transmission, including Power Purchase Agreement (PPA) Payments meeting the below criteria <ul style="list-style-type: none"> Wind Solar Hydropower (≤ 25 MW or if exceeding 25MW, with either (i) Life cycle emissions of less than 100g CO₂/kWh or (ii) Power density greater than 5W/m²) Geothermal (<100gCO₂/kWh) Bioenergy and biogas (<100gCO₂/kWh, and biofuel must be sourced from sustainable feedstock only⁴) Tidal Renewable energy programs, including developing and upgrading the Solar PV Rooftop, Renewable Energy Certificate (REC) in increasing the use of renewable energy in PLN's Customer Dedicated transmission and distribution infrastructure for renewable energy systems⁵ Retrofit of distribution systems, transmission lines or substations to reduce energy use and/or technical losses (except for capacity expansion) Development, construction, installation and maintenance of Energy Storage Facilities (aimed at promoting the development of renewable energies and/or replacing peak electricity produced by less environment friendly unit) 	

⁴ PLN ensures that bioenergy comes from sources that do not deplete existing terrestrial carbon pools. Also, the projects must protect biodiversity and should not involve the burning of peat. The projects will produce bioenergy from agricultural residues or forestry residues.

⁵ Transmission will be wholly dedicated to the transmission of energy from renewable energy sources.

Energy Efficiency	<ul style="list-style-type: none"> Industrial/utility energy-efficiency improvements involving changes in processes, reduction of heat losses and/or increased waste heat recovery, including the installation of renewable-powered cogeneration plants 	
Clean Transportation	<ul style="list-style-type: none"> Development, construction, upgrading and maintenance of electric vehicle charging stations (SPKLU) 	

Exclusion Criteria

For the avoidance of doubt, none of the proceeds from the green financing transactions will be used to finance fossil fuel generation, including enhancements or refurbishment of existing capacity, even where this reduces emissions and improves environmental sustainability. Particularly, no funding will be granted to coal-related projects. Similarly, none of the proceeds will be used to finance nuclear power generation.

To that extent, any expenditure relating to any of the following activities will be systematically excluded:

- Nuclear power generation and distribution assets
- Coal or gas fired power generation assets
- Exploration and development of new oil and gas fields
- Landfill operations and any incineration of any unsorted waste assets
- Any project having a connection with fossil fuels (energy production based on solid or liquid fossil fuels, as well as storage and transport dedicated to fossil fuels) as well as underlying investments in research and development
- Any project resulting in deforestation of primary forests, modified natural forests or mangroves
- Any project that is likely to be prejudicial to indigenous people

B. Project Evaluation and Selection

Larger green projects to be funded from proceeds will be identified by PLN's Corporate Planning directorate from those included in PLN's investment plan (RUPTL). Smaller green projects will be proposed by management of the relevant provincial or system-level entities (*Wilayah*) and operating business units. These are collectively referred to as the “**project originating units**” (POUs). Responsibility for construction and operation of the projects will also rest with POU's.

PLN established a “**Sustainability Financing Task Force**” (SFTF) that will be responsible for overseeing and implementing the initiatives set out in the Framework, including the evaluation and selection of the projects, the allocation and management of the debt instruments' proceeds, monitoring and reporting. The division of labor will be based on relevant expertise, internal roles, and responsibilities.

POUs are excluded from the SFTF to ensure objective evaluation of proposed projects. It is expected that any proposed projects will have already been vetted by the Corporate Planning directorate, hence that directorate and its subsidiary units are considered a POU and therefore excluded from the SFTF.

The SFTF will consist of a Steering Committee, Implementation Committee and Working Groups. The Steering Committee will together be responsible for overall preparation and implementation of the framework, and for removing any obstacles to framework implementation. In addition, each Steering Committee member will be accountable for the performance of the Implementation Committee and Working Group members under their management. The Steering Committee is comprised of certain Company management personnel, namely:

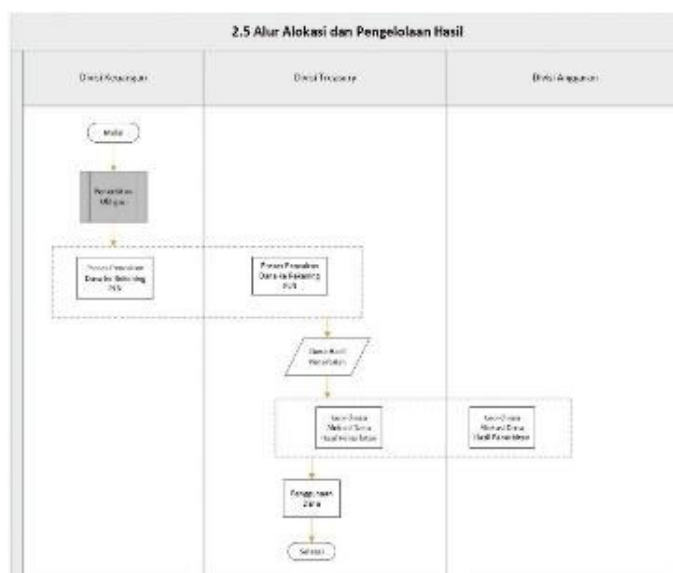
- Director of Finance and Risk Management (chair)
- Director of Human Capital Management
- Director of Mega Projects and New and Renewable Energy
- Director of Primary Energy
- Director of Commerce and Customer Management
- Senior Executive Vice President of Asset Management

At the project evaluation and selection stage, the SFTF will be responsible for:

1. Mapping and reviewing of current and future activities related to environmental and climate-related goals;
2. Mapping the main tasks and functions of each division in alignment with the Green Finance Framework;
3. Mapping the work plans, the constraints, and challenges in the process of preparation, implementation, and post-implementation related to the green financing;
4. Taking the necessary steps and provide solutions for the preparation of the Green Financing Platform within the company;
5. Evaluating projects proposed by the POUs with respect to their suitability for inclusion in the green finance debt instrument;
6. Undertake regular monitoring of the asset pool to ensure the eligibility of Green Projects with the criteria set out above in section 2.1, Use of Proceeds, whilst replacing any ineligible Green Projects with eligible new Green Projects;
7. Facilitate regular reporting on any green issuance in alignment with our Reporting commitments;
8. Manage any future updates to this Framework; and
9. Ensure that the approval of Eligible Green Projects will follow the Company's existing credit/loan/investment approval processes as well as meets the environmental and social risk management requirements of PLN;

C. Management of Proceeds

The Budget Division will allocate the proceeds and the Treasury Division will manage the proceeds from issuance and track the funds within PLN's internal management system. 100% of the green financing funds will be used to finance and refinance the Eligible Projects. If parts of the proceeds are to be used as refinancing, PLN will provide the proportion of financing and refinancing to the total proceeds.



The use of proceeds will be recorded in a Green Financing Register, which will include at least the following information:

1. Details of the Bonds (or loans): International securities identification number (ISIN), pricing date, maturity date, currency etc.
2. Project documentation, with information including:
 - Summary of project details;
 - Amount of proceeds allocated to each project;
 - Expected climate and/or environmental impact of eligible projects;
 - Aggregate amount of proceeds allocated to projects;
 - Remaining balance of unallocated proceeds;
 - Other necessary information.

PLN will ensure that the proceeds are used in accordance with the frameworks established. The pending allocation from the net proceeds may be invested in cash, cash equivalents and/or marketable securities in accordance with PLN's management policies and will be evaluated every quarter. The allocation of the proceeds is expected to be completed within 24 months.

The STFF will review the eligibility of those projects every year. Should a project be considered by the STFF to be no longer meeting the criteria detailed above or is subject to postponement, cancellation or divestment, PLN is committed to reallocate proceeds on a best-efforts basis to ensure the full amount of proceeds are allocated to eligible projects. Such monitoring will be done throughout the life of the green bond.

D. Reporting

Allocation reporting

Reporting of the use of proceeds and the outcomes will be the responsibility of the Task Force, using financial and operational data provided by multiple sources. The indicators and methodologies used for reporting will be publicly available. PLN will publish annual reports on its website that will include the following:

1. A summary list of all the issuances in the reporting period and outstanding at the reporting date. Key information to be provided will include transaction date, principal amount of proceeds, maturity date, coupon, ISIN, etc.
2. A description and the amount of proceeds allocated to each of the projects funded by the bond or loan, including the list of eligible green projects, the amount of proceeds allocated to each eligible green project category, selected examples of projects financed, amount of unallocated proceeds, and, when possible, descriptions of the eligible green projects financed (project locations, amount allocated, etc.).
3. A report on the environmental impacts of the projects that have been funded. The impact indicators used will depend on the project supported from the green debt instrument but can be expected to include the capacity of renewable technologies, their share in the generation mix and resulting reductions in GHG emissions.

Impact reporting

PLN will provide reporting on the environmental benefits of the eligible projects. In addition, calculation methodologies and key assumptions will be disclosed.

Eligible Sectors	Impact Indicators
Renewable Energy	<ul style="list-style-type: none">• Installed renewables capacity in MW• Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy) or % Of generation from renewable sources• Amount of Renewable PPA Payments refinanced• Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent (where possible)• Number of Solar PV installed• Renewable of Energy Certificate
Energy Efficiency	<ul style="list-style-type: none">• Annual energy savings in MWh (electricity) and GJ/TJ (other energy savings)
Clean Transportation	<ul style="list-style-type: none">• Number of electric vehicles charging stations installed
Green Buildings	<ul style="list-style-type: none">• Level of certification by property• Energy efficiency gains in MWh or % vs. baseline• Estimated avoided GHG emissions (tCO2eq)• Annual energy savings (MWh pa)

E. External Review

Post issuance external verification

The adequacy and appropriateness of the framework for determining eligibility, monitoring the use of proceeds and reporting on outcomes will be reviewed and verified by an independent external expert ahead of the issuance of green financing transactions. The expert's report will form part of the bond prospectus.

PLN's external auditor will annually review and confirm the accuracy of the reported use of proceeds from the established transactions. At regular intervals, PLN will also use external experts to review and confirm the continued appropriateness of and compliance with its and monitoring policies and procedures.

Second Party Opinion (SPO)

PLN has appointed a Second Party Opinion, DNV, to assess this Green Finance Framework and to make sure it is aligned with the ICMA's GBP, the ASEAN GBS, and LMA's GLP. DNV's opinion is independent and relies on a protocol made of a set of suitable criteria. In particular, all of the four aspects detailed above (Use of Proceeds, Project Evaluation and Selection, Management of Proceeds, Reporting) has been scrutinized. The external review report will be made publicly available on PLN's website: <https://web.pln.co.id/>

F. Amendments to this Framework

The Sustainability Financing Task Force (SFTF) will review this Framework on a regular basis, including its alignment to updated versions of the principles as and when they are released, with the aim of adhering to best practices in the market. Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of the Company and of DNV (the SPO). Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external reviewer. The updated Framework, if any, will be published on PLN's website and will replace this Framework.

Sustainability Financing Task Force membership and roles

Steering Committee		
Task:	Controlling, supervising, and supporting all stages during the issuances.	
Member:	1.	Director of Finance and Risk Management (chair)
	2.	Director of Human Capital Management
	3.	Director of Mega Projects and New and Renewable Energy
	4.	Director of Primary Energy
	5.	Director of Commerce and Customer Management
	6.	Senior Executive Vice President of Asset Management

Organizational Unit	Define & document processes	Solicit project proposals from POU's	Evaluate proposals from POU's	Prepare & issue bond	Allocate & manage proceeds	Check environmental compliance	Compile project data	Report on implementation & results
Implementation Committee & Working Groups (Divisions)								
Finance and Risk Management Directorate								
Finance	X	X	X	X				X
Budget					X			
Treasury					X		X	X
Risk Management			X					
Human Capital Management Directorate								
HSSE			X			X	X	
Corporate Communications		X	X					X
Energy Primer Directorate								
Permits & Land			X			X	X	

Organizational Unit	Define & document processes	Solicit project proposals from POU's	Evaluate proposals from POU's	Prepare & issue bond	Allocate & manage proceeds	Check environmental compliance	Compile project data	Report on implementation & results
Mega Projects and New and Renewable Energy Directorate								
Proc. Planning		X	X					
Procurement		X	X			X		
Project Management	X							
Renewable Energy			X					
Commerce and Customer Management Directorate								
Quality Assurance							X	
Product Development			X					
Asset Management Department								
Asset Utilization							X	
Other Divisions								
Change Management	X							
Corporate Performance Control	X							X
Legal	X	X	X	X				
Corporate Secretary								X
Construction of Region		X	X			X		
Development of Region		X	X			X		

Note: Corporate Planning Directorate and subsidiary divisions are not included in the SFTF as these will be POU's. Allowing this Directorate to review its own proposals on eligible projects would present a conflict of interest.