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Regulatory refinement of BPI Danantara’s organizational and governance framework

Background

On 8 April 2026, the government issued Regulation Number 19 of 2026 on the Amendment to Government Regulation Number 10 of 2025 (GR 10/2025) regarding the Organization and Governance of Badan Pengelola Investasi Daya Anagata Nusantara (GR 19/2026). This amendment is made following the enactment of Law Number 16 of 2025 on the Fourth Amendment to Law Number 19 of 2003 on State-Owned Enterprises (SOE Law). This regulatory refinement aims to improve the effectiveness of the organizational structure and governance of Badan Pengelola Investasi Daya Anagata Nusantara (BPI Danantara) by clarifying its authority, governance mechanisms, and accountability measures in carrying out its duties.

Several key changes introduced by GR 19/2026 are as follows:
- Alignment of BPI Danantara’s roles, responsibilities, and authorities;
- Changes to the authority of the supervisory board;
- Approval and amendment process for BPI Danantara’s annual work plan and budget; and
- Regulatory provisions related to investment holdings and operational holdings.

Key changes

BPI Danantara's roles, responsibilities, and authorities

The SOE Law stipulates that BPI Danantara is responsible for managing state-owned enterprises (SOEs). To fulfill this mandate, the SOE Law grants BPI Danantara various authorities to strengthen its control over SOE management, which are now reflected in GR 19/2026 as follows:

BPI Danantara's authorities	Remark
Manage dividends derived from its share ownership in investment holdings, operational holdings, and SOEs.	-
Approve increases and/or reductions in capital participation in SOEs sourced from the management of dividends from investment holdings, operational holdings, and SOEs.	-
Establish investment holdings and operational holdings.	GR 10/2025 stated that the establishment of investment holdings and operational holdings was conducted jointly with the Minister of SOEs. Under article 29B of GR 19/2026, BPI Danantara may establish more than one investment holding and operational holding with the approval of the president.
Approve proposals for the book write-off and/or debt write-off of SOE assets submitted by investment holdings or operational holdings.	GR 10/2025 stated that proposals for the write-off of SOE assets were approved jointly with the Minister of SOEs.
Provide and receive loans and collateralize assets with the approval of the president.	This authority will be further regulated under a presidential regulation.
Act as a guarantor for an investment holding company with the approval of the supervisory board.	This authority was not explicitly provided under the previous regulation.
To approve and consult with relevant committee of the *Dewan Perwakilan Rakyat Republik Indonesia* (DPR RI) responsible for SOEs regarding the work plan and budget of the Investment Holding Company and the Operational Holding Company.	-
Establish strategic policies/guidelines in the following areas: • Accounting and finance; • Development and investment; • Operations and procurement of goods and/or services; • Information technology; • Human resources; • Risk management and internal control; • Legal and compliance; • Social and environmental responsibility programs; and • Environmental, social, and governance (ESG) programs.	Prior to Law 16/2025, this authority was the special rights of the Series A Dwiwarna shareholder (i.e., share owned by the Republic of Indonesia through State-Owned Enterprises Regulatory Agency (Badan Pengaturan BUMN (BP BUMN)), which confers special rights and privilege upon its holder)
Propose candidates for members of boards of directors and boards of commissioners of SOEs BP BUMN.	This authority was not explicitly provided under the previous regulation.

BPI Danantara's authorities	Remark
Appoint and dismiss members of boards of directors and boards of commissioners of operational holdings and investment holdings.	This authority was not explicitly provided under the previous regulation.
Exercise other authorities as provided under the articles of association of investment holdings, operational holdings, and SOEs.	This authority was not explicitly provided under the previous regulation.

BPI Danantara's annual work plan and budget

GR 19/2026 introduces the mechanism governing BPI Danantara's annual work plan and budget. This mechanism is stipulated under Article 21A which provides the following terms:

- Annual work plan and budget submission deadline and approval
  The annual work plan and budget of BPI Danantara must be submitted by the executive board (*Badan Pelaksana*) to the supervisory board (*Dewan Pengawas*) no later than 31 October of each year.
  If the approval for the submitted following year's work plan and budget has not been obtained from the supervisory board by 31 December, the assumptions for the following year's condition and situation to be the same as current year's and the annual work plan and budget for the current year remain valid and continues to apply until the new annual work plan and budget is approved. Before approval from the supervisory board is obtained, any action taken by the executive board pertaining to the management of investment holdings, operational holdings, and SOEs must be reported to the supervisory board through:
  - The amendment of the current year's annual work plan and budget, or
  - The executive board's accountability report, which must be approved by the supervisory board.

- Annual work plan and budget amendment
  BPI Danantara's work plan and budget for the current year may be amended once per year in the event of:
  - Internal and/or external conditions that significantly affect the management of investment holdings, operational holdings, and/or SOEs;
  - Changes in policies and/or laws and regulations that affect BPI Danantara's operations; and/or
  - Government directives and/or policies.

  The draft amendment to the current year's annual work plan and budget must be submitted by the executive board to the supervisory board no later than 31 July.

Authorities of the supervisory board

In terms of organizational structure, GR 19/2026 broadens the role of the supervisory board by granting it additional authorities. Set out below is a comparison of the complete list of the Supervisory Board's authorities under GR 19/2026 with those under GR 10/2025:

Supervisory board's authorities under GR 19/2026	Remark
To approve the annual work plan and budget, together with the key performance indicators, as proposed by the executive board	Remains the same as GR 10/2025
To evaluate the achievement of the performance indicators	Remains the same as GR 10/2025
To receive and evaluate the accountability report submitted by the executive board	Remains the same as GR 10/2025

Supervisory board's authorities under GR 19/2026	Remark
To submit the accountability report of the supervisory board and the executive board to the president	Remains the same as GR 10/2025
To determine the remuneration of the supervisory board and the executive board	Remains the same as GR 10/2025
To propose an increase and/or reduction in the BPI Danantara's capital to the president	Remains the same as GR 10/2025
To approve BPI Danantara's annual financial statements	Remains the same with GR 10/2025
To temporarily suspend a member of the executive board	Remains the same as GR 10/2025
To approve the provision of guarantees to an investment holding company	This authority was not provided under GR 10/2025
To approve BPI Danantara's proposed plan to obtain and provide loans, write off receivables, and enforce security over assets in connection with the management of BPI Danantara's assets and investments in accordance with prevailing laws and regulations	This authority was not provided under GR 10/2025
To approve the amount of the mandatory reserve proposed by the executive board as part of BPI Danantara's annual financial statements	This authority was not provided under GR 10/2025
To approve BPI Danantara's work plan prior to its submission by the head of the executive board to the head of BP BUMN	This authority was not provided under GR 10/2025
To approve actions of the executive board that fall outside the approved annual work plan and budget, as proposed by the head of the executive board	This authority was not provided under GR 10/2025

Furthermore, GR 19/2026 requires the supervisory board to establish a governance structure, which will be regulated under the supervisory board regulation. This requirement was not explicitly set out in the previous regulation that focused mainly on the decision-making process of the supervisory board. In relation to the decision-making process, GR 19/2026 allows the supervisory board to adopt circular resolutions, which must be approved in writing by all supervisory board members. GR 19/2026 removes the minimum requirement that supervisory board members must be officials holding at least an echelon I position.

Investment holdings and operational holdings

Establishment of investment holding companies

Although the establishment of more than one investment holding company is allowed, article 29B(2) of the regulation limits that an investment holding company may only be established for the following purposes:

- Investments focused solely on commercial financial returns;
- Investments focused on national development and public services that provide economic and social benefits; or
- Other purposes approved by the president.

Furthermore, each of the purposes above may apply to only a single, dedicated investment holding company. For example, PT Danantara Investment Management is established solely to strive for commercial financial returns.

Limitation of liability

An investment holding company may invest in and collaborate with third parties. In this regard, GR 19/2026 emphasizes that BPI Danantara is not liable for:

- Any legal actions carried out by the investment holding company; and
- Any losses that exceed BPI Danantara's capital participation in the investment holding company.

Key takeaways

GR 19/2026 introduces several developments that may affect the future governance of SOE management, including the following:

- Given its significant authority and influence over the management of SOEs, BPI Danantara will serve as the primary entity that manages the strategic policies and governance framework of SOEs.
- As BPI Danantara's authorities expand, the supervisory board is granted additional authorities. At the same time, this comes with a stronger emphasis on supervisory board governance.
- BPI Danantara may establish more than one investment holding company and operational holding company. However, investment holding companies may only be established for specified purposes.
- BPI Danantara is neither liable for legal consequences arising from the actions of an investment holding company nor for losses incurred by an investment holding company that exceed the value of its capital participation in that investment holding company.

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