

Second-Party Opinion

Bank Mandiri Sustainability Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Bank Mandiri Sustainability Bond Framework aligns with the Green Bond Principles 2018 (GBP), Social Bond Principles 2020 (SBP), and ASEAN Sustainability Bond Standards 2018 (ASEAN SUS). This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds are aligned with those recognized by GBP, SBP, and ASEAN SUS. Sustainalytics considers that the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG 3, 4, 5, 6, 7, 8, 9, 10, 11, and 13.



PROJECT EVALUATION / SELECTION Bank Mandiri's Sustainable Finance Working Group (the "Working Group") will be responsible for project evaluation and selection. Bank Mandiri follows a three-step approach to ensure that projects comply with the eligibility criteria set in the Framework. The Risk Management & Credit Policy Committee will have final say over which projects are eligible. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS The Working Group will oversee the management of proceeds, tracking the proceeds via Bank Mandiri's internal information systems. Bank Mandiri intends to reach full allocation within two years after issuance. Pending allocation, unallocated proceeds may be invested in cash or marketable instruments, per Bank Mandiri's liquidity management strategy. This is in line with market practice.



REPORTING Bank Mandiri intends to report on allocation of proceeds on its website, on an annual basis, until full allocation. Allocation reporting will include the amount of eligible assets by project category and the remaining balance of unallocated proceeds at the end of the reporting period. In addition, Bank Mandiri is committed to reporting on relevant impact metrics. Sustainalytics views Bank Mandiri's allocation and impact reporting as aligned with market practice.

Evaluation date	March 16, 2021
Issuer Location	Central Jakarta, Indonesia

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Alignment with the ASEAN Sustainability Bond Standards

The ASEAN Sustainability Bond Standards provide guidance to issuers and communicate more specifically what an issuer should do to issue a credible sustainable bond within Southeast Asia. Sustainalytics is of the opinion that the green and social categories under the Framework align with the ASEAN Sustainability Bond Standards.

Introduction

PT Bank Mandiri (Persero) Tbk. (“Bank Mandiri”, or the “Bank”) is the largest bank in Indonesia in terms of assets, loans, and deposits. Headquartered in Jakarta, the Bank employs 38,247 people, as of December 2020.

Bank Mandiri has developed the Bank Mandiri Sustainability Bond Framework (the “Framework”) under which it intends to issue green, social and sustainability bonds and use the proceeds to finance and refinance, in whole or in part, existing and future businesses and projects that are expected to promote sustainable development in Indonesia. Framework defines eligibility criteria in fourteen areas:

1. Sustainable Water and Wastewater Management
2. Energy Efficiency
3. Green Buildings
4. Renewable Energy
5. Clean Transportation
6. Eco-Efficient Adapted Products
7. Climate Change Adaptation
8. Healthcare
9. Education
10. Gender Equality
11. Decent Work and Economic Growth
12. Industry, Innovation, and Infrastructure
13. Reduced Inequalities
14. Sustainable Cities and Communities

Bank Mandiri engaged Sustainalytics to review the Bank Mandiri Sustainability Bond Framework, dated March 2021, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Green Bond Principles 2018 (GBP), Social Bond Principles 2020 (SBP), Sustainability Bond Guidelines 2018 (SBG),¹ and ASEAN Sustainability Bond Standards (ASEAN SUS).² This Framework has been published in a separate document.³

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁴ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2018, Social Bond Principles 2020, and Sustainability Bond Guidelines 2018, as administered by ICMA and ASEAN Sustainability Bond Standards as administered by ACMF;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.7.1, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Bank Mandiri’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Bank Mandiri representatives have confirmed (1) they understand it is the sole responsibility of Bank Mandiri to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with

¹ The Sustainability Bond Guidelines are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

² The ASEAN Sustainability Bond Standards are administered by the ASEAN Capital Markets Forum and are available at: <https://www.theacmf.org/initiatives/sustainable-finance/asean-sustainability-bond-standards>

³ The Bank Mandiri Sustainability Bond Framework is available on Bank Mandiri’s website at: <https://bankmandiri.co.id/en/web/ir>

⁴ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Bank Mandiri.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Bank Mandiri has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Bank Mandiri Sustainability Bond Framework

Sustainalytics is of the opinion that the Bank Mandiri Sustainability Bond Framework is credible, impactful and aligns with the four core components of the GBP, SBP, and SBG. Sustainalytics highlights the following elements of Bank Mandiri's Sustainability Bond Framework:

- Use of Proceeds:
 - The eligible categories – Sustainable Water and Wastewater Management, Energy Efficiency, Green Buildings, Renewable Energy, Clean Transportation, Eco-Efficient Adapted Products, Climate Change Adaptation, Healthcare, Education, Gender Equality, Decent Work and Economic Growth, Industry, Innovation, and Infrastructure, and Sustainable Cities and Communities – are aligned with those recognized by the GBP and SBP. The projects funded under the Framework are expected to promote sustainable development in Indonesia.
 - Under this Framework, the Bank may issue sustainable finance instruments and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future companies, projects and activities. Sustainalytics notes that the Bank's initial intent is to issue loans, both in the form of project loan financing and general-purpose loans for pure-play companies.⁵ Sustainalytics notes that, while the GBP and SBP prefer project financing and that there is, in general, less transparency associated with reporting on non-project-based financing, Sustainalytics recognizes the Issuer's commitment to robust and transparent reporting on positive outcomes achieved by its financing activities.
 - In the Sustainable Water and Wastewater Management category, the Bank intends to promote the sustainable use of water by financing the installation or upgrade of infrastructure for clean and/or drinking water, water recycling or wastewater treatment facilities, and flood mitigation systems.
 - Within the Energy Efficiency category, Bank Mandiri may finance the development of products and technologies that reduce end-use energy consumption by 15%, including HVAC systems, processing equipment, and lightning. Bank Mandiri confirmed the exclusion of products and technologies based on fossil fuels. Sustainalytics views positively the Framework's inclusion of

⁵ Pure-play company being defined as a company that derives >90% of its revenues from activities that align with the eligibility criteria outlined in the Framework.

- a defined energy efficiency threshold on a portfolio basis for the installations of energy-efficient systems, equipment, and technologies.
- Under the Green Buildings category, the Bank may finance new developments or renovations of buildings⁶ that either have received or will receive green buildings certifications with the following minimum levels: BREEAM 'Excellent', LEED 'Gold', and Greenship 'Gold'. Sustainalytics recognizes these as robust, credible certification schemes and notes that the minimum certification levels are aligned with market practice. For Sustainalytics assessment of these schemes, please refer to Appendix 1.
 - In the Renewable Energy category, Bank Mandiri may finance the following activities:
 - Power generation from renewable energy sources, including wind, solar, hydropower, biomass, and geothermal. The Bank confirmed that geothermal projects must meet a 100gCO₂/kWh threshold, which aligns with market practice. Hydropower projects are limited to small scale hydropower systems (< 25 MW). For biomass projects, the feedstock will include forestry and agricultural residues, including municipal solid waste, food waste, and sewage sludge.⁷ Sustainalytics notes that feedstock will neither deplete existing terrestrial carbon pools nor compete with food production. In addition, waste-to-energy projects follow the waste hierarchy to ensure recyclables segregation before energy conversion.
 - The Bank may finance the manufacture components of renewable energy technology.
 - Transmission and distribution projects that connect renewable energy assets to the grid.
 - Within the Clean Transportation category, Bank Mandiri may finance fully electric public mass transportation systems, including rails and non-motorized multi-modal transportations, the manufacturing of electric vehicles, and infrastructure for electric vehicles, including charging and battery swap stations.
 - In the Eco-Efficient Adapted Products category, the Bank may finance the R&D, as well as the production of resource-efficient packaging, and products using recycled materials, waste, bio-based, and responsibly sourced materials, or feedstocks. The activities must comply with the following criteria:
 - For recycled and waste materials or feedstocks, the Bank requires a lifecycle assessment or proof of reduction of lifecycle emissions.
 - Bio-based materials must be certified by the Roundtable on Sustainable Biomaterials, while responsibly sourced materials or feedstocks must be certified by the Forest Stewardship Council (FSC) and Program for the Endorsement of Forest Certification (PEFC). For Sustainalytics' assessment of forestry certification schemes, please refer to Appendix 2.
 - The production of recycled plastic requires 90% of recycled, renewable and/or bio-based input. In addition, at least 90% of the plastic produced is not intended for single-use consumer products, and all products are recyclable.
 - Financing in the Climate Change Adaptation category may include information support systems, such as climate observation and early warning systems. Sustainalytics notes that these projects may enhance climate monitoring and the resilience of the physical world to adverse climate events.
 - The Bank may finance Healthcare activities, including hospitals, and medical equipment and related technologies. Bank Mandiri may provide BPJS Kesehatan (Badan Penyelenggara Jaminan Sosial - Health Social Security Agency) bailout loans to public and private hospitals. The loans aim to ensure that middle- and lower-class people receive optimal health benefits while simultaneously maintaining the cash flow/liquidity of hospitals. Sustainalytics notes that BPJS Kesehatan is a public body and provides universal healthcare.
 - In the Education category, Bank Mandiri may finance universities, schools, and other tertiary education for rural and/or underserved communities, as well as training centers and programs for technical capabilities. Sustainalytics notes that the infrastructure and programs are public and universally accessible but might not be free.

⁶ Public service, commercial, residential, and recreational buildings.

⁷ Wastewater from fossil fuel operations are excluded.

- In the Gender Equality category, Bank Mandiri may provide financial services to women-owned businesses, including loans to micro-businesses owned by women communities and ultra-micro financing to woman micro-businesses. Bank Mandiri confirmed that eligible micro-businesses are majority-owned or majority-managed by women.
- Within the Decent Work and Economic Growth category, the Bank may provide SME financing and micro-financing, access to banking and financial services in underserved populations, and final literacy programs. For SME financing and micro-financing, Bank Mandiri targets individual entrepreneurs and business entities that do not have sufficient collateral guarantees, including Indonesian Migrant Workers.
- As for the Industry, Innovation, and Infrastructure category, the Bank may finance affordable basic infrastructure, including clean drinking water infrastructure, water and sanitation infrastructure, and power transmission and distribution infrastructure that improve access to electricity in remote areas. The Bank excludes fossil fuels-based backup power generation from the energy access projects. Sustainalytics notes that the projects are expected to increase access to basic infrastructure for underserved people.
- In the Reduced Inequalities category, the Bank may provide access to affordable housing for marginalized populations, and financial services for unbanked or non-bankable communities and individuals.⁸ The Bank may provide mortgages to low-income people who work for at least one year, do not have a house, have never received a housing subsidy from the government, and have a maximum base salary of Rp. 8 million, according to the definition set by the Ministry of Public Works and Public Housing of the Republic of Indonesia.
- In the Sustainable Cities and Communities category, the Bank may provide affordable housing loans for low-income communities.⁹ Low-income communities are defined as people who do not own a house and earn less than Rp 8 million (USD 567) monthly.¹⁰ The projects are expected to support low-income communities to access safe and affordable housing.
- The Bank has established a three years look-back period for refinancing activities.
- Project Evaluation and Selection:
 - Bank Mandiri's Sustainable Finance Working Group will be responsible for project evaluation and selection. The Sustainable Finance Working Group includes Treasury, Credit Portfolio Risk, and Strategic & Performance. Bank Mandiri follows a three-step approach to ensure that projects comply with the eligibility criteria set in the Framework. The business units will first be responsible for selecting projects. The Sustainable Finance Working Group will subsequently review whether the selected projects are eligible. Ultimately, the Risk Management & Credit Policy Committee will have final say over which projects are eligible.
 - Based on these elements, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - The Working Group will oversee the management of proceeds. The Working Group will establish a dedicated register and track the proceeds via the Bank's internal information system. Bank Mandiri intends to reach full allocation within two years after issuance. Pending allocation, unallocated proceeds may be invested in cash or marketable instruments such as government bonds, per Bank Mandiri's liquidity management strategy.
 - Based on these elements, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Bank Mandiri intends to report on allocation of proceeds on its website, on an annual basis, until full allocation. Allocation reporting will include the amount of eligible assets by project category, the share of financing vs. refinancing, and the remaining balance of unallocated proceeds at the end of the reporting period. In addition, Bank Mandiri is committed to reporting on relevant impact metrics, including installed capacity (MW), number of students supported, or estimated

⁸ Unbanked or non-bankable communities and individuals are defined as individual entrepreneur/business with a feasible business for at least 6 months but do not have sufficient collateral guarantees, Indonesian Migrant Worker with a working contract for a minimum of 2 years with the Government / PPTKIS but without sufficient collateral guarantees (according to Ministry of Cooperatives & UMKM), and individual entrepreneurs running a business for at least 2 years or retirees but never cooperated with a bank as an agent.

⁹ The definition of affordable housing is the same as the one set in the Reduced Inequalities category.

¹⁰ Sustainalytics notes that the income threshold is below the average and median income in Indonesia.

GHG emissions reduced or avoided. For an exhaustive list of impact indicators, please refer to Appendix 2.

- Based on these elements, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2018, Social Bond Principles 2020 and Sustainability Bond Guidelines 2020

Sustainalytics has determined that the Bank Mandiri Sustainability Bond Framework aligns with the four core components of the Green Bond Principles 2018 (GBP), Social Bond Principles 2020 (SBP), and Sustainability Bond Guidelines 2020 (SBG). For detailed information please refer to Appendix 4: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Alignment with ASEAN Sustainability Bond Standards 2018

The ASEAN Sustainability Bond Standards provide guidance to issuers and communicate more specifically what an issuer should do to issue a credible green bond within Southeast Asia. Sustainalytics is of the opinion that the Bank Mandiri Sustainability Bond Framework aligns with the ASEAN Sustainability Bond Standards 2018 (ASEAN SUS). See Appendix 3: Alignment to the ASEAN Sustainability Bond Standards.

Section 2: Sustainability Strategy of Bank Mandiri

Contribution of Framework to Bank Mandiri's sustainability strategy

Since 2013, the Bank has been reporting on its environmental and social performance annually and has implemented social responsibility governance into its activities.¹¹ In November 2020, the Bank has developed a Sustainable Finance Action Plan ("RAKB" or the "plan") focusing on responsible lending.¹² The RAKB lays the foundation of the Bank's investment decision-making and sustainability strategy.

During the next five years, the plan seeks to advance three strategic pillars, namely (i) sustainable banking, (ii) sustainable operation, and (iii) corporate social responsibility.¹² Within the sustainable banking pillar, Bank Mandiri intends to implement Environmental, Social, and Governance ("ESG") policies.¹² Such initiatives include a palm oil ESG policy and green, social, and sustainability bonds issuance.¹² Therefore, Sustainalytics notes the direct contribution of the Framework to the first pillar. In the second pillar, the Bank is committed to reducing the direct environmental impact of its operations, such as the energy and water consumption of its office buildings.¹² The last pillar sets out the Bank's approach to corporate social responsibility, with a strong focus on community empowerment and the environment.¹²

In addition, the plan shall support the Bank's aim to increase its sustainability financing portfolio.¹¹ As of December 2020, the Bank's total financing in these sectors reached IDR 167,306 billion (USD 11.75 billion), or 21.9% of Bank Mandiri's total credit.¹¹ Sustainalytics notes that given the sustainability credentials of the projects financed in the Framework, the latter could support the Bank increasing its sustainability financing portfolio.

Sustainalytics is of the opinion that the Bank Mandiri Sustainability Bond Framework is aligned with the Bank's overall sustainability strategy and initiatives and will further the Bank's action on its key environmental priorities.

Well-positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are recognized by the GBP and SBP to have positive environmental and social impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects, could include occupational health and safety, community relations/stakeholder participation, land use and biodiversity issues associated with large-scale infrastructure development, emissions, effluents, waste generated in construction, and predatory lending.

Sustainalytics is of the opinion that Bank Mandiri is able to manage and/or mitigate potential risks through implementation of the following:

- Bank Mandiri has established an ESG Unit that reports to the risk management committee and is responsible for designing the action plan on financing and investment policies.³ Moreover, the ESG Unit

¹¹ Bank Mandiri "Annual Report 2020", (2020), at: [ebb43e52-b9d7-724d-0aa0-64e355be8f7f \(bankmandiri.co.id\)](https://www.bankmandiri.co.id/annual-report-2020)

¹² Bank Mandiri, "Sustainability Report 2020", (2020), at: [b1a6c511-9058-e2be-4b40-cb9c2e700831 \(bankmandiri.co.id\)](https://www.bankmandiri.co.id/sustainability-report-2020)

also monitors and reports on the progress of implementation of the action plan based on predetermined indicators such as percentage of successful screening of customers.³ Bank Mandiri implemented an internal control system with “three lines of defence” to manage ESG risks.¹² The first line of defence is the work unit which carries out the business process.¹² The second is the risk control department, and the third is an internal audit to ensure the risk control activities are carried out effectively.¹²

- In addition, through its Sustainable Finance Action Plan, the Bank has developed risk management practices in accordance with the national regulation NO. 51/POJK.03/2017 which regulates sustainable finance to financial services institutions.¹³
- Bank Mandiri has implemented credit policies which prohibits financing for businesses and projects that endanger the environment such as the Industry Acceptance Criteria (IAC) for peatland financing.³ Moreover, the Bank has formulated Sustainable Banking Principles which span across different stakeholder groups and consider and mitigate the E&S risks in business activities.¹¹
- Bank Mandiri has implemented additional policies to mitigate environmental and social risks.³ Prospective debtors are required to comply with the Analisis Manajemen Dampak Lingkungan (AMDAL) requirements which ensures that the business or development activity can run sustainability without harming the environment.³ AMDAL is based on the government regulation Peraturan Pemerintah No.27 of 2012 concerning environmental permits.³ The impacts that are considered in the AMDAL include the forestry sector and agriculture sectors.¹⁴ Furthermore, the Bank avoids financing projects or businesses which are environmentally hazardous and avoiding financing construction projects in E&S sensitive areas, such as valuable wetlands or mangrove areas.³ The Bank does not finance projects that could affect ethnic minorities and does not finance transactions without clear and distraction-free land ownership.³

Based on the above-mentioned systems and processes, Sustainalytics is of the opinion that Bank Mandiri is well positioned to mitigate environmental and social risks associated with its project financing and lending activities.

Section 3: Impact of Use of Proceeds

All fourteen use of proceeds categories of Bank Mandiri’s Sustainability Bond Framework are recognized as impactful by the Green Bond Principles or the Social Bond Principles. Sustainalytics has focused on sustainable development in Indonesia, highlighting the issue areas which are specifically relevant for the country.

Promoting Sustainable Development in Indonesia

Indonesia is the world’s fourth-most populous country and one of the largest contributors of greenhouse gas emissions. From 2000 to 2018 the country’s GDP rose from USD 800 to USD 4,000.¹⁵ The economic growth comes with unsustainable levels of resource extraction, a surge in motor vehicle traffic and heavy reliance on coal, as Indonesia is one of the major coal producers and exporters globally.¹⁶ More than 80% of the energy mix in Indonesia is being produced from fossil fuels and it is expected that the coal usage will double from 2017 to 2025.¹⁷ At the same time, the country is highly exposed to the effects of global warming, including sea level rise, drought, flooding, landslides, fires, and diseases.¹⁸

In 2017, the government announced its goal of integrating low-carbon and green growth into its national development strategy. This Low Carbon Development Initiative (“LCDI”) is part of Indonesia’s five-year development plan from 2020-2024. The plan focuses on developing policies that maintain economic growth, alleviate poverty, help meet sector-level development targets and helping Indonesia to achieve its climate objectives and preserve the country’s natural resources.¹⁹

¹³ IFC, “REGULATION OF FINANCIAL SERVICES AUTHORITY NO. 51/POJK.03/2017”, (2017), at: [Indonesia+OJK+Sustainable+Finance+Regulation_English.pdf \(ifc.org\)](#)

¹⁴ Waste4change, “The Role of AMDAL in Achieving Functional Environments”, (2020), at: [The Role of AMDAL in Achieving Functional Environments – Waste4Change](#)

¹⁵ World Research Institute, “Indonesia Adopts Its First-Ever Sustainable Development Plan”, (2017) at: [Indonesia Adopts Its First-Ever Sustainable Development Plan | World Resources Institute \(wri.org\)](#)

¹⁶ Indonesia Investments, “Coal”, (2017), at: [Coal Mining in Indonesia - Indonesian Coal Industry | Indonesia Investments \(indonesia-investments.com\)](#)

¹⁷ Indonesian National Energy Policy; accessed January 2019; <http://ccap.org/assets/Ida-Finahari-Indonesia-Renewable-Energy-.pdf>

¹⁸ NBR, “Air Pollution in Indonesia”, (2016), at: [Air Pollution in Indonesia - The National Bureau of Asian Research \(NBR\)](#)

¹⁹ PAGE, “INDONESIA’S LOW CARBON DEVELOPMENT INITIATIVE KICKS-OFF IN BALI”, (2020), at: [Indonesia’s Low Carbon Development Initiative Kicks-Off in Bali | PAGE \(un-page.org\)](#)

Through its Framework, Bank Mandiri may further support Indonesia in promoting sustainable development. The Framework allows for financing a wide range of activities that align with the LCDI implemented by Indonesia. For example, the financing of electric vehicles and public mass transportation may help to reduce the adverse impact of transportation, including GHG emissions and congestion. In addition, socially impactful projects, such as enhancing underserved people access to basic infrastructure could enhance the country's overall welfare.

Based on the above, Sustainalytics is of the opinion that the Framework is impactful, and can assist Indonesia in achieving a low-carbon pathway that can drive growth while enhancing healthcare, welfare, and climate resilience.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) issued under the Bank Mandiri Sustainability Bond Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Green Buildings	11. Sustainable Cities and Communities	11.c Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Eco-Efficient Adapted Products	8. Decent Work and Economic Growth	8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead
Climate Change Adaptation	13. Climate Action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
Healthcare	3. Good Health and Well-Being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
Education	4. Quality Education	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills,

		including technical and vocational skills, for employment, decent jobs and entrepreneurship
Gender Equality	5. Gender Equality	5.a Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws
Decent Work and Economic Growth	8. Decent Work and Economic Growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
Industry, Innovation, and Infrastructure	9. Industry, Innovation, and Infrastructure	9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries
Reduced Inequalities	10. Reduced Inequalities	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
Sustainable Cities and Communities	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

Conclusion

Bank Mandiri has developed the Bank Mandiri Sustainability Bond Framework under which it will issue green, social, and sustainability bonds and use the proceeds to finance a wide range of sustainability projects and businesses, such as renewable power generation and SME lending. Sustainalytics considers that the projects and companies funded by the bond proceeds are expected to promote sustainable development in Indonesia.

The Bank Mandiri Sustainability Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that Bank Mandiri Sustainability Bond Framework is aligned with the overall sustainability strategy of the company and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 3, 4, 5, 6, 7, 8, 9, 10, 11, and 13. Additionally, Sustainalytics is of the opinion that Bank Mandiri has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.




Based on the above, Sustainalytics is confident that PT Bank Mandiri (Persero) Tbk. is well-positioned to issue green, social, and sustainability bonds and that the Bank Mandiri Sustainability Bond Framework is robust, transparent, and in alignment with the four core components of the GBG, SBP and SBG.

Appendices

Appendix 1: Overview of Green Buildings Certification Schemes

	BREEAM	LEED	GREENSHIP
Background	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	GREENSHIP is developed by Green Building Council Indonesia (GBC Indonesia) by considering the conditions, natural characters and regulations as well standards that apply in Indonesia. GREENSHIP is compiled by involving building sector actors who are experts in their fields. The Greenship has been launched in 2010.
Certification levels	Pass Good Very Good Excellent Outstanding	Certified Silver Gold Platinum	Bronze Silver Gold Platinum
Areas of Assessment: Environmental Project Management	Management (Man) addresses various aspects: project management, deployment, minimal environmental disturbance worksite and stakeholder engagement.	Integrative process, which requires, from the beginning of the design process, the identification and creation of synergies between the various project stakeholders regarding the construction choices and the technical systems.	The scope of environmental projects management includes the management of resources through operational plans, data clarity and early handling systems in the application of green buildings
Areas of Assessment: Environmental Performance of the Building	Energy Land Use and Ecology Pollution Transport Materials Water Waste Health and Wellbeing Innovation	Energy and atmosphere Sustainable Sites Location and Transportation Materials and resources Water efficiency Indoor environmental quality Innovation in Design Regional Priority	-Appropriate Site Development -Energy Efficiency& Conservation -Water Conservation -Materials & Resources Cycle -Air Quality & Leisure Air
Requirements	Prerequisites depending on the levels of certification + Credits with associated points This number of points is then weighted by item ²⁰ and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score. BREAAM has two stages/ audit reports: a 'BREEAM Design	Prerequisites (independent of level of certification) + Credits with associated points These points are then added together to obtain the LEED level of certification There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations,	Each criterion consists of several benchmarks and each benchmark has different values according to the level of difficulty and levels of certification. Each category has pre-criteria and credit criteria. There are several different types of Greenship Categories according to certification's use of purpose. (e.g. New Building , Existing Building, Interior Space, Homes, Neighbourhood) 100% achievement based on the GREENSHIP assessment tool is

²⁰ BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item

	Stage' and a 'Post Construction Stage', with different assessment criteria.	Existing Buildings: Operation and Maintenance).	77 values. This number is the basis for determining the percentage of achievement.
Performance display			 GREENSHIP
Accreditation	BREEAM International Assessor BREEAM AP BREEAM In Use Assessor	LEED AP BD+C LEED AP O+M	GREENSHIP Associate GREENSHIP Professional
Qualitative considerations	Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus. BREEAM certification is less strict (less minimum thresholds) than HQE and LEED certifications.	Widely recognised internationally, and strong assurance of overall quality.	Recognised internally, has a clear focus on the material used. Because the GREENSHIP uses OTTV as energy assessment criteria with focusing only to building envelope, it is less stringent in comparison to LEED standards.

Appendix 2: Sustainalytics' assessment of forestry certification schemes

	Forest Stewardship Council (FSC) ²¹	Programme for the Endorsement of Forest Certification (PEFC) ²²
Background	The Forest Stewardship (FSC) is a non-profit organization established in 1993 that aims to promote sustainable forest management practice by evaluating forest management planning and practices independently against FSC's standards.	Founded in 1999, the Programme for the Endorsement of Forest Certification (PEFC) is a non-profit organization that promotes sustainable forest management through independent third-party certification, this includes assessments, endorsements and recognition of national forest certification systems. PEFC was created in response to the specific requirements of small- and family forest owners as an international umbrella organization.

²¹ Forest Stewardship Council, FSC Principles and Criteria for Forest Stewardship: <https://ca.fsc.org/preview.principles-criteria-v5.a-1112.pdf>

²² PEFC, Standards and Implementation: <https://www.pefc.org/standards-implementation>

<p>Basic Principles</p>	<ul style="list-style-type: none"> ● Compliance with laws and FSC principles ● Tenure and use rights and responsibilities ● Indigenous peoples' rights ● Community relations and workers' rights ● Benefits from the forests ● Environmental impact ● Management plans ● Monitoring and assessment ● Special sites – high conservation value forests (HCVF) ● Plantations 	<ul style="list-style-type: none"> ● Maintenance and appropriate enhancement of forest resources and their contribution to the global carbon cycle ● Maintenance and enhancement of forest ecosystem health and vitality ● Maintenance and encouragement of productive functions of forests (wood and no-wood) ● Maintenance, conservation and appropriate enhancement of biological diversity in forest ecosystems ● Maintenance and appropriate enhancement of protective functions in forest management (notably soil and water) ● Maintenance of socioeconomic functions and conditions ● Compliance with legal requirements
<p>Types of standards/bench marks</p>	<ul style="list-style-type: none"> ● Forest Management certification (for single/multiple applicant(s) – industrial or private forest owners, forest license holders, community forests, and government-managed forests) ● Small and Low Intensity Management Forests (SLIMFs) program (for small forests and forests that are managed at low intensity would be eligible) ● Chain of Custody (CoC) certification (for supply chain companies' planning, practices and products – all operations that want to produce or make claims related to FSC-certified products must possess this certificate) ● Controlled Wood verification (for assurance that 100% virgin fiber mixed with FSC-certified and recycled fiber originates from a verified and approved source) 	<ul style="list-style-type: none"> ● Sustainable Forest Management benchmark – international requirements for sustainable forest management. National forest management standards must meet these requirements in order to obtain PEFC endorsement ● Group Forest Management Certification – outlines the requirements for national forest certification systems who have group forest management certification ● Standard Setting – covers the processes that must be adhered to during the development, review and revision of national forest management standards ● Chain of Custody – outlines the conditions for obtaining CoC certification for forest-based products ● PEFC logo Usage Rules – outlines the requirements entities must abide by when using the PEFC logo ● Endorsement of National Systems – outlines the process that national systems must go through to achieve PEFC endorsement
<p>Governance</p>	<p>The General Assembly is comprised of all FSC members and constitutes the highest decision-making body. Members can apply to join one of three chambers – environmental, social, or economic – that are further divided into northern and southern sub-chambers. Each chamber maintains 33.3% of the weight in votes, and votes are weighted so that the North and South hold an equal portion of authority in each chamber, to ensure influence is shared equitably between interest groups and countries with different levels of economic development.</p>	<p>PEFC's governance structure is formed by the General Assembly (GA) which is the highest authority and decision-making body. It is made up of all PEFC members, including national and international stakeholders. In general, PEFC's governance structure is more representative of industry and government stakeholders than of social or environmental groups. Members vote on key decisions including endorsements, international standards, new members, statutes and budgets. All national members have between one and seven votes, depending on membership fees, while international stakeholder members have one vote each.</p>
<p>Scope</p>	<p>FSC is a global, multi-stakeholder owned system. All FSC standards and policies are set by a consultative process. There is an FSC Global standard and for certain countries FSC National standards. Economic, social, and environmental interests have equal weight in the standard setting process. FSC follows the ISEAL</p>	<p>Multi-stakeholder participation is required in the governance of national schemes as well as in the standard-setting process. Standards and normative documents are reviewed periodically at intervals that do not exceed five years. The PEFC Standard Setting standard is based on ISO/IEC Code for good practice</p>

	Code of Good Practice for Setting Social and Environmental Standards.	for standardization (Guide 59) ²³ and the ISEAL Code of Good Practice for Setting Social and Environmental Standards.
Chain-of-Custody	<ul style="list-style-type: none"> The Chain-of-Custody (CoC) standard is evaluated by a third-party body that is accredited by FSC and compliant with international standards CoC standard includes procedures for tracking wood origin CoC standard includes specifications for the physical separation of certified and non-certified wood, and for the percentage of mixed content (certified and non-certified) of products CoC certificates state the geographical location of the producer and the standards against which the process was evaluated. Certificates also state the starting and finishing point of the CoC 	<ul style="list-style-type: none"> Quality or environmental management systems (ISO 9001:2008 or ISO 14001:2004 respectively) may be used to implement the minimum requirements for chain-of-custody management systems required by PEFC Only accredited certification bodies can undertake certification CoC requirements include specifications for physical separation of wood and percentage-based methods for products with mixed content. The CoC standard includes specifications for tracking and collecting and maintaining documentation about the origin of the materials The CoC standard includes specifications for the physical separation of certified and non-certified wood The CoC standard includes specifications about procedures for dealing with complains related to participant's chain of custody
Non-certified wood sources	<p>FSC's Controlled Wood Standard establishes requirements to participants to establish supply-chain control systems, and documentation to avoid sourcing materials from controversial sources, including:</p> <ol style="list-style-type: none"> Illegally harvested wood, including wood that is harvested without legal authorization, from protected areas, without payment of appropriate taxes and fees, using fraudulent papers and mechanisms, in violation of CITES requirements, and others, Wood harvested in violation of traditional and civil rights, Wood harvested in forests where high conservation values are threatened by management activities, Wood harvested in forests being converted from forests and other wooded ecosystems to plantations or non-forest uses, <p>Wood from management units in which genetically modified trees are planted.</p>	<p>The PEFC's Due Diligence System requires participants to establish systems to minimize the risk of sourcing raw materials from:</p> <ol style="list-style-type: none"> forest management activities that do not comply with local, national or international laws related to: <ul style="list-style-type: none"> operations and harvesting, including land use conversion, management of areas with designated high environmental and cultural values, protected and endangered species, including CITES species, health and labour issues, indigenous peoples' property, tenure and use rights, payment of royalties and taxes. genetically modified organisms, forest conversion, including conversion of primary forests to forest plantations.
Accreditation/verification	<p>FSC-accredited Certification Bodies (CB) conduct an initial assessment, upon successful completion companies are granted a 5-year certificate. Companies must undergo an annual audit and a reassessment audit every 5 years. Certification Bodies undergo annual audits from Accreditation Services International (ASI) to ensure conformance with ISO standard requirements.</p>	<p>Accreditation is carried out by an accreditation body (AB). In the same way that a certification body checks that a company meets the PEFC standard, the accreditation body checks that a certification body meets specific PEFC and ISO requirements. Through the accreditation process, PEFC has assurance that certification bodies are independent and impartial, that they follow PEFC certification procedures.</p> <p>PEFC does not have their own accreditation body. Like with the majority of ISO based certifications, PEFC</p>

²³ ISO, ISO/IEC Guide 59:2019: <https://www.iso.org/standard/23390.html>

		relies on national ABs under the umbrella of the International Accreditation Forum (IAF). National ABs need to be a member of the IAF, which means they must follow IAF's rules and regulations.
Qualitative considerations	Sustainalytics views both FSC and PEFC as being robust, credible standards that are based on comprehensive principles and criteria that are aligned with ISO. Both schemes have received praise for their contribution to sustainable forest management practices ²⁴ and both have also faced criticism from civil society actors. ^{25,26} In certain instances, these standards go above and beyond national regulation and are capable of providing a high level of assurance that sustainable forest management practices are in place. However, in other cases, the standards are similar or equal to national legislation and provide little additional assurance. Ultimately, the level of assurance that can be provided by either scheme is contingent upon several factors including the certification bodies conducting audits, national regulations and local context.	

Appendix 3: Alignment with the ASEAN Sustainability Bond Standards

ASEAN SUS Criteria	Alignment with the ASEAN SUS	Sustainalytics' comments on alignment with the ASEAN GBS
Eligibility	Yes	The ASEAN GBS requires that issuers must be in or that the proceeds be directed to assets in an ASEAN country. Bank Mandiri qualifies given that it intends to finance projects and activities in Indonesia.
Use of Proceeds	Yes	The ASEAN SUS offers specific clarification that fossil fuel power generation projects and projects which involve activities that pose a negative social impact related to alcohol, gambling, tobacco and weaponry are excluded. Bank Mandiri has included criteria in the Framework to this effect.
Process for Project Evaluation and Selection	Yes	The ASEAN SUS specifies information that must be clearly communicated to investors before issuance regarding project selection. Bank Mandiri's Sustainable Finance Working Group (the "Working Group") will be responsible for project evaluation and selection. Bank Mandiri follows a three-step approach to ensure that projects comply with the eligibility criteria set in the Framework. The Risk Management & Credit Policy Committee will have final say over which projects are eligible.
Management of Proceeds	Yes	The ASEAN SUS mandates that proceeds must be appropriately tracked and that temporary investments be disclosed. Within its framework, Bank Mandiri has disclosed that the Working Group will track and monitor the use of proceeds using a register. Unallocated proceeds may be invested in cash or marketable instruments, per Bank Mandiri's liquidity management strategy.
Reporting	Yes	The ASEAN SUS requires annual reporting on the allocation of funds and the expected impacts. Bank Mandiri states that it

²⁴ FESPA, FSC, PEFC and ISO 38200: <https://www.fespa.com/en/news-media/blog/fsc-pefc-and-iso-38200>

²⁵ Yale Environment 360, Greenwashed Timber: How Sustainable Forest Certification Has Failed: <https://e360.yale.edu/features/greenwashed-timber-how-sustainable-forest-certification-has-failed>

²⁶ EIA, PEFC: A Fig Leaf for Stolen Timber: <https://eia-global.org/blog-posts/PEFC-fig-leaf-for-stolen-timber>

		will provide an annual allocation report until full allocation and report on the impact of the use of proceeds.
Annual Review	Yes	The ASEAN SUS encourages, but does not require, annual reviews. Bank Mandiri may engage with a third-party verifier to provide external review of the allocation.

Appendix 4: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	PT Bank Mandiri (Persero) Tbk.
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Bank Mandiri Sustainability Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	March 16, 2021
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible categories for the use of proceeds - Sustainable Water and Wastewater Management, Energy Efficiency, Green Buildings, Renewable Energy, Clean Transportation, Eco-Efficient Adapted Products, Climate Change Adaptation, Healthcare, Education, Gender Equality, Decent Work and Economic Growth, Industry, Innovation, and Infrastructure, and Sustainable Cities and Communities - are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG 3, 4, 5, 6, 7, 8, 9, 10, 11, and 13.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management | <input checked="" type="checkbox"/> Climate change adaptation |
| <input checked="" type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBPs:

Use of proceeds categories as per SBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Affordable basic infrastructure (Healthcare and Education) | <input checked="" type="checkbox"/> Reduced Inequalities |
| <input type="checkbox"/> Affordable housing | <input checked="" type="checkbox"/> Decent Work and Economic Growth (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input type="checkbox"/> Socioeconomic advancement and empowerment |

- Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP
 Other (please specify): Industry, Innovation, and Infrastructure, and Sustainable Cities and Communities

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Bank Mandiri's Sustainable Finance Working Group (the "Working Group") will be responsible for project evaluation and selection. Bank Mandiri follows a three-step approach to ensure that projects comply with the eligibility criteria set in the Framework. The Risk Management & Credit Policy Committee will have final say over which projects are eligible. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- Credentials on the issuer's social and green objectives
 Documented process to determine that projects fit within defined categories
- Defined and transparent criteria for projects eligible for Sustainability Bond proceeds
 Documented process to identify and manage potential ESG risks associated with the project
- Summary criteria for project evaluation and selection publicly available
 Other (please specify):

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification
 In-house assessment
- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

The Working Group will oversee the management of proceeds, tracking the proceeds via Bank Mandiri's internal information systems. Bank Mandiri intends to reach full allocation within two years after issuance. Pending allocation, unallocated proceeds may be invested in cash or marketable instruments such as government bonds, per Bank Mandiri's liquidity management strategy. This is in line with market practice.

Tracking of proceeds:

- Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

Bank Mandiri intends to report on allocation of proceeds on its website, on an annual basis, until full allocation. Allocation reporting will include the amount of eligible assets by project category and the remaining balance of unallocated proceeds at the end of the reporting period. In addition, Bank Mandiri is committed to reporting on relevant impact metrics, such as installed capacity (MW), or the number of students supported. Sustainalytics views Bank Mandiri's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|--|---|
| <input type="checkbox"/> Allocated amounts | <input type="checkbox"/> Sustainability Bond financed share of total investment |
| <input type="checkbox"/> Other (please specify): | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported (expected or ex-post):

- | | |
|--|--|
| <input type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input type="checkbox"/> Number of beneficiaries |
| <input type="checkbox"/> Target populations | <input checked="" type="checkbox"/> Other ESG indicators (please specify): |
| | Renewable Energy |
| | Installed capacity MW |

Expected annual generation
MWh

Estimated annual GHG
emission avoided

Number of HH benefitting
from affordable and clean
energy

Transmission lines miles

Energy Efficiency

Automated meters modules
or number of smart meters
provided

Amount energy saved (MW)

Estimated GHG emissions
reduced or avoided

**Sustainable Cities and
Communities**

Number of passengers

Estimated GHG emissions
reduced or avoided

Length of low carbon tracks
build

Number of
electric/hybrid/low-emission
vehicles provided

Number of supported
affordable housing units
financed

Education

Number of educational
institution funded

Number of students
supported

Number of years of
education provided which is
otherwise not accessible

Healthcare

Number of hospital and other
healthcare facilities
built/upgraded

Number of beds

Number of residents
benefitting from healthcare

**Decent Work and Economic
Growth**

Number of SMEs financed

Estimation of the number of
employees of the financed
SMEs

Frequency:

Annual

Semi-annual

Other (please specify):

Means of Disclosure

Information published in financial report

Information published in sustainability
report

- Information published in ad hoc documents
- Other (please specify):
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- Consultancy (incl. 2nd opinion)
- Certification
- Verification / Audit
- Rating
- Other (*please specify*):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

- i. **Second-Party Opinion:** An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. **Certification:** An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green, Social and Sustainability Bond Scoring/Rating:** An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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Named
2015: Best SRI or Green Bond Research or Rating Firm
2017, 2018, 2019: Most Impressive Second Opinion Provider

