

Sustainability Bond Report

April 2022



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01 | Introduction

PT Bank Mandiri (Persero) Tbk. ("Bank Mandiri") is at the forefront of sustainable banking and has taken significant steps to demonstrate its commitment to be the pioneer of sustainable banking in Indonesia. As the largest bank and corporate lender in Indonesia, Bank Mandiri recognizes its significant role in creating sustainable social and environmental impacts.

In line with its commitment as one of the first movers in sustainable banking in Indonesia, Bank Mandiri was directly involved in establishing Indonesia Sustainable Finance Initiative or Inisiatif Keuangan Berkelanjutan Indonesia (IKBI) to support and enhance the implementation of inclusive sustainable finance. In addition, Bank Mandiri consistently strives to carry out concrete steps toward sustainable finance by establishing and implementing Bank Mandiri's Sustainable Finance Action Plan or Rencana Aksi Keuangan Berkelanjutan ("RAKB"). The action plan has upheld Bank Mandiri's sustainability values and integrated them into three main pillars: Sustainable Banking, Sustainable Operation, and Sustainability Corporate Social Responsibility (CSR) & Financial Inclusion.

Amidst the uncertainty and challenges of the COVID-19 pandemic, Bank Mandiri has been responding with continuous acceleration of digitization services with various product and service innovations, as a form of responding to customer's behavioral change, as well as the need to adapt and comply with the new era of minimum social interactions. Furthermore, Bank Mandiri commits to broadening the access of banking and financial services for underserved populations along with socioeconomic advancement and empowerment for unbanked or non-bankable communities and individuals through digitalization.

As a follow-up from Bank Mandiri's RAKB, Bank Mandiri successfully issued its inaugural Sustainability Bond in April 2021. This issuance is a part of the Sustainable Banking pillar implementation to develop ESG-related Products. With this issuance, Bank Mandiri has shown its commitment to supporting the government's program in developing a sustainable economy, participating actively in the Financial Services Authority's (OJK's) roadmap of sustainable finance, and striving for the 17 Sustainable Development Goals (SDGs).

02 | Summary of Bank Mandiri's Sustainability Bond Framework & Issuance

Sustainability Bond Framework

In advance of Sustainability Bond Issuance in April 2021, Bank Mandiri has developed the Sustainability Bond Framework (the "framework") and engaged Sustainalytics to provide a Second Party Opinion (SPO). Bank Mandiri has aligned the framework with the Green Bond Principles 2018 (GBP), Social Bond Principles 2020 (SBP), and ASEAN Sustainability Bond Standards 2018 (ASEAN SUS). Below is the summary of the framework:

Use of Proceeds



Green Eligible Sectors

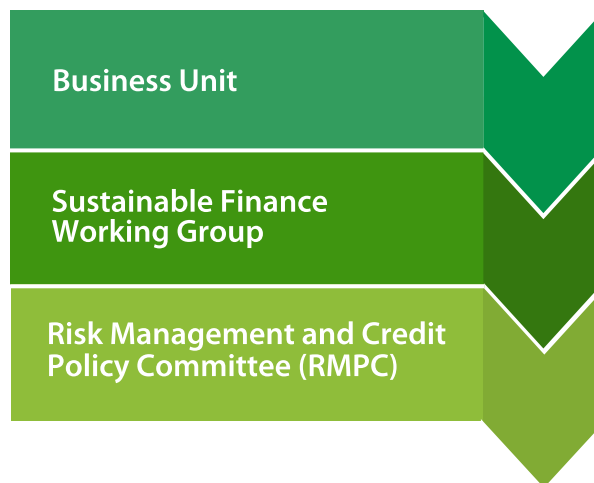
- Sustainable Water & Wastewater Management
- Energy efficiency
- Green building
- Renewable energy
- Clean transportation
- Eco-efficient adapted products
- Climate change adaptation



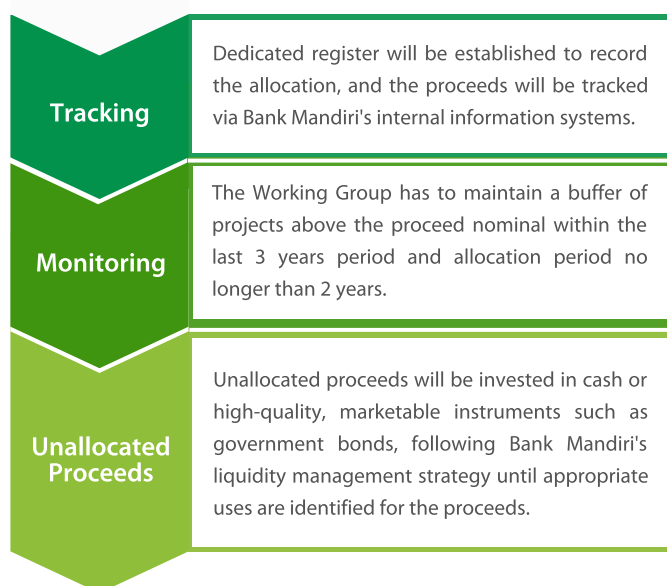
Social Eligible Sectors

- Healthcare
- Education
- Gender equality
- Decent work and economic growth
- Industry, innovation, and infrastructure
- Reduced inequalities
- Sustainable cities and communities

Project Evaluation and Selection



Management of Proceeds



Reporting

Allocation Reporting

Bank Mandiri will publish an allocation report annually until proceeds are fully allocated or should material changes be required to past allocation reports. This allocation reports will provide the following detail:

- Amount of eligible assets by project category; and
- The remaining balance of un-allocated proceeds at the end of the reporting period

Impact Reporting

Where relevant and possible, Bank Mandiri will report on the environmental and/or social impacts of the eligible assets financed from any Green, Social, and/or Sustainability Bond issued.

The Issuance

On April 19, 2021, Bank Mandiri issued its first US dollar sustainability notes with a size of US\$300 million and a maturity of 5-year. This transaction was marked as the inaugural issuance in sustainability format from Bank Mandiri and the third drawdown of its existing US\$2 billion Euro Medium Term Note (EMTN) Programme.

The transaction also gives several milestones for Bank Mandiri, as follows:

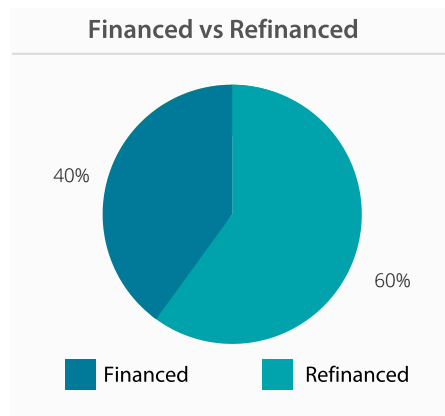
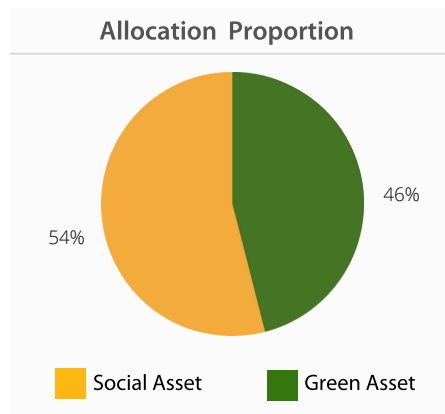
- The first Green, Social, and Sustainability (GSS) Bond issuance from Indonesia banking sector year to date (YTD) 2021
- The largest oversubscription rate amongst all issuances from Indonesia YTD 2021 and in history for Bank Mandiri at more than 8.3x (final order book)
- The lowest coupon/yield ever issued by Bank Mandiri and within the banking sector in Indonesia

Deal Summary	
Issue size	US\$300 million
Tenor	5-Year Bullet
Maturity date	19 April 2026
Settlement date	19 April 2021
Coupon	2.00% semi annual
Use of proceed	To finance or refinance, in whole or in part, Eligible Sustainability Bond Projects in accordance with specific prescribed eligibility criteria as described under the Bank's sustainability framework
Listing	Singapore Exchange (SGX-ST)
Final orderbook	US\$2.50 billion
Oversubscription rate	8.3x

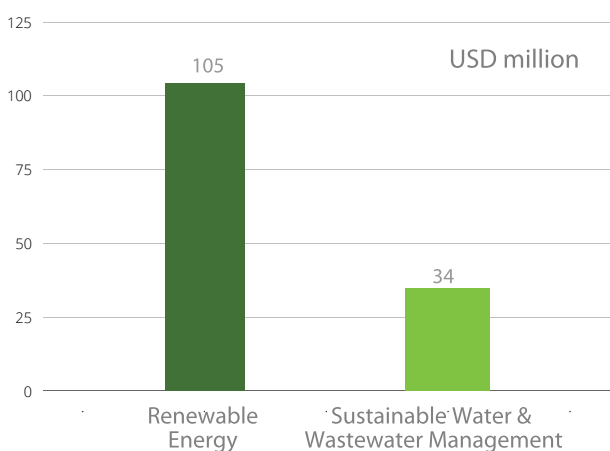
03 | Allocation Report

As of 31 December 2021, Bank Mandiri has fully allocated the proceeds of Bank Mandiri Sustainability Bond 2021. The allocation details are as follows:

Eligible Category	Financed/ Refinanced (Year of Disbursement)	Amount Allocated in USD million (eq. in IDR billion)	Allocation of Proceeds
Renewable Energy	Financed (2021)	105 (eq. 1,497)	35%
Sustainable Water & Wastewater Management	Refinanced (2020)	34 (eq. 486)	11%
Healthcare	Refinanced (2019)	50 (eq. 718)	17%
Gender Equality	Refinanced (2019)	68 (eq. 972)	23%
Decent Work & Economic Growth	Financed and Refinanced (2021 and 2019)	28 (eq. 403)	9%
Sustainable Cities & Communities	Refinanced (2019)	14 (eq. 200)	5%
Total		300 (eq. 4,276)	100%

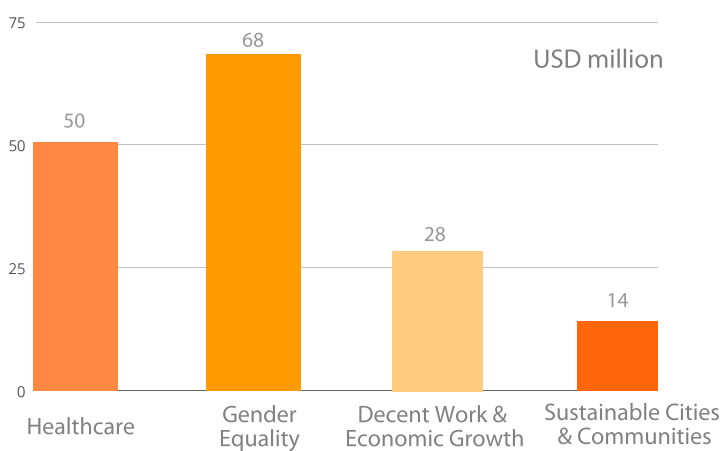


Green Category



The allocation for the green category is 46% or equivalent to USD139 million. The projects in the green category fall into two of the seven eligible sectors.

Social Category






The allocation for the social category is 54% or equivalent to USD161 million. The projects in the social category fall into four of the seven eligible sectors.


04 | Impact Report

The estimated environmental and social impact for Eligible Categories according to the Sustainability Bond Framework and impact metrics based on the standard of the International Capital Market Association are shown in the tables below:



Green Categories

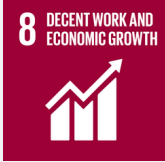

Eligible Categories	Alignment to SDGs	% of Eligible Assets	Type of Projects	Brief Description & Impact Indicators ¹
Renewable Energy	 	35%	Geothermal Power Plant	<p>Generation of energy from geothermal as renewable source:</p> <ul style="list-style-type: none"> Installed capacity: <ul style="list-style-type: none"> - Own operated: 672 MW - Joint Operation Contract: 1,205 MW Annual renewable energy generation from own operated plan: <ul style="list-style-type: none"> - Steam: 35,730,613 Ton - Electricity: 4,660,477 MWh Potential annual GHG emissions reduced from own operated plan: approx. 1,804,071 tonnes of CO₂ per year Potential homes to be served from own operated plan: approx. 1,097,000 homes
Sustainable Water & Wastewater Management		11%	Retention Basin & Polder	<p>Retention basin and polder as a flooding mitigation system and to manage stormwater runoff:</p> <ul style="list-style-type: none"> Catchment area: 148.78 ha Potential catchment of water: 137,500 m³
			Sewerage Piping System Project #1	<p>Sewerage piping system to transport domestic wastewater to treatment facilities:</p> <ul style="list-style-type: none"> The annual amount of wastewater transported to be treated: 2,774,000 m³ (7,600 m³/day) The number of sewer house connections: 10,000 house connections The potential number of people served: approx. 51,000 people
			Sewerage Piping System Project #2	<p>Sewerage piping system to transport domestic and commercial wastewater to treatment facilities:</p> <ul style="list-style-type: none"> The annual amount of wastewater transported to be treated: 5,840,000 m³ (16,000 m³/day) The total number of sewer connection: 14,000 connections <ul style="list-style-type: none"> - 8,600 house connections - 5,400 commercial building connections The potential number of people served: approx. 70,000 people

¹ For details on assumptions to calculate impact indicators, see Appendix I

Sustainable Water & Wastewater Management		11%	Wastewater Treatment Plant	<p>Wastewater treatment facilities to meet the minimum effluent water quality standards before disposing to water bodies:</p> <ul style="list-style-type: none"> The annual amount of wastewater treated: 7,300,000 m³ (20,000 m³/day) The potential number of people served: approx. 131,000 people
			Coastal Protection	<p>Coastal protection as a protective measure to mitigate the impacts of flooding risk and coastal erosion:</p> <ul style="list-style-type: none"> Total area covered: 3,549 ha The potential number of houses benefiting from measures: approx. 37,603 houses The potential number of people benefiting from measures: approx. 109,486 people

Social Categories

Eligible Categories	Alignment to SDGs	% of Eligible Assets	Type of Projects	Brief Description & Impact Indicators
Healthcare		17%	Build and Upgrade Hospitals	<p>Financing for building/upgrading hospitals in Indonesia to provide facilities and improve healthcare services:</p> <ul style="list-style-type: none"> The number of hospitals built: 16 hospitals The number of beds available: 2,268 beds The potential number of residents benefiting from healthcare: approx. 1,620,000 residents
Gender Equality		23%	Women-owned Ultra-microfinancing	<p>Financing for underprivileged women of ultra-micro enterprises:</p> <ul style="list-style-type: none"> Number of loans to women-owned ultra-micro enterprises: 427,201 loans
			Women-owned Microfinancing	<p>Financing to women micro-enterprises in rural areas:</p> <ul style="list-style-type: none"> The number of loans to women-owned micro-enterprises: 22,101 loans Estimated number of people employed from the financed micro-enterprises: approx. 44,202 people

Decent Work & Economic Growth		9%	Microfinancing – Channeling to Farmers	<p>Microfinancing of aims proceeds channeled to farmers in Indonesia:</p> <ul style="list-style-type: none"> The number of micro-enterprises financed: 4,698 enterprises Estimated number of people employed from the financed micro-enterprises: approx. 23,490 people
			Micro, Small, and Medium Enterprise (MSME) Financing – Kredit Usaha Rakyat (KUR) in Agriculture Sector	<p>Financing program to micro, small, and medium enterprises in the agriculture sector with aims to encourage economic growth and employment:</p> <ul style="list-style-type: none"> The number MSMEs financed: 5,612 enterprises Estimated number of people employed from the financed SMEs or micro-enterprises: approx. 28,060 people
Sustainable Cities & Communities		5%	Affordable Housing Financing	<p>Subsidized housing financing for low-income communities:</p> <ul style="list-style-type: none"> Number of supported affordable housing units financed: 6,100 units The number of individuals/families benefiting from subsidized housing: approx. 18,300 people

05 | Conclusion

Bank Mandiri realizes the importance of integrating sustainability values into the Bank's vision and mission. By implementing Environment, Social, and Governance values in business activities, Bank Mandiri aspires to contribute to sustainable economic growth to achieve the 17 Sustainable Development Goals.

With the rise of ESG Bond issuance in the Bond market, Bank Mandiri executed the opportunity to issue its inaugural sustainability bond. As a result, Bank Mandiri's inaugural Sustainability Bond was oversubscribed, signaling enormous interest from the global market. The issuance also allowed Bank Mandiri to strengthen its funding structure and diversify its investors base.

The issuance has achieved several milestones for Bank Mandiri: the highest oversubscription rate amongst all issuances from Indonesia YTD 2021 and in history for Bank Mandiri, the lowest coupon/yield ever issued by Bank Mandiri and within the banking sector in Indonesia, and the first GSS Bond issuance from Indonesia banking sector YTD 2021. With these achievements as the trust from our investors, Bank Mandiri is more committed in addressing sustainable social and environmental impacts in Indonesia.

As part of our commitment to contribute more to sustainable economic growth, in relation to the accountability of Sustainability Bonds issued, Bank Mandiri will continuously improve the process of tracking and monitoring mechanisms to assure the use of proceeds' transparency and the annual report's credibility.

To ensure the credibility of its Sustainability Bond Report, Bank Mandiri appointed Sustainalytics to provide an independent external review.

Appendix I

Impact Reporting Key Assumptions

The reported results are based on the assumptions from publicly available sources. Key assumptions for impact calculation are indicated in the table below.

Green Categories

Eligible Categories	Type of Projects	Data Assumption
Renewable Energy	Geothermal Power Plant	<ul style="list-style-type: none"> Average CO₂ emission factor from geothermal plants in Indonesia: 62.9 g/kWh (Yuniarto, et al.: Geothermal Power Plant Emissions in Indonesia, Proceedings, World Geothermal Congress (2015)) CO₂ emission factor from natural gas power plants: 450 g/kWh (Fridriksson, T., et al.: Greenhouse Gas Emissions from Geothermal Power Production, Proceedings, Forty-Second Workshop on Geothermal Reservoir Engineering (2017)) Average household size in Indonesia as of 2019: 3.9 people (BPS-Statistics Indonesia) Electricity consumption per capita as of 2020: 1.09 MWh/capita (BPS-Statistics Indonesia)
Sustainable Water & Wastewater Management	Retention Basin & Polder	<ul style="list-style-type: none"> Extreme rainfall intensity in the retention basin & polder area with return period of 5 years: approx. 92 mm (BMKG-Indonesian Agency for Meteorology, Climatology, and Geophysics)
	Sewerage Piping System Project #1	Approximation for domestic wastewater discharge: <ul style="list-style-type: none"> In metropolitan city (> 1,000,000 population): ±152 L/person/day In big-sized city (500,000 – 1,000,000 population): ±136 L/person/day In mid-sized city (100,000 – 500,000 population): ±120 L/person/day
	Sewerage Piping System Project #2	Approximation for non-domestic wastewater discharge: <ul style="list-style-type: none"> School: ±10 L/student/day Hospital: ±200 L/bed/day Mosque: ±3,000 L/day Office building: ±10 L/employee/day Market: ±12,000 L/ha/day Hotel: ±150 L/bed/day Restaurant: ±100 L/chair/day
	Wastewater Treatment Plant	(Indonesian National Standard for Clean Water, 2000)
	Coastal Protection	<ul style="list-style-type: none"> Number of families live in the sub-district area across the project as of 2019: 37,603 families (BPS-Statistics Indonesia) Number of people live in the sub-district area across the project as of 2019: 109,486 people (BPS-Statistics Indonesia)

Social Categories

Eligible Categories	Type of Projects	Data Assumption
Healthcare	Build and Upgrade Hospitals	<ul style="list-style-type: none"> Bed ratio per 1,000 residents in Indonesia: 1.4 (Ministry of Health Indonesia, 2020)
Gender Equality	Women-owned Microfinancing	<ul style="list-style-type: none"> The number of people estimated to work in micro-enterprise: 2 people A micro-enterprise is defined as a small business employing 1-9 people (United Nations Department of Economic and Social Affairs-Report on MSMEs and the Sustainable Development Goals)
Decent Work & Economic Growth	Micro Financing – Channeling to Farmers	<ul style="list-style-type: none"> The number of people estimated to work in a farm: 5 people A micro-enterprise is defined as a small business employing 1-9 people (United Nations Department of Economic and Social Affairs-Report on MSMEs and the Sustainable Development Goals)
	Micro, Small, and Medium Enterprise (MSME) Financing – Kredit Usaha Rakyat (KUR) in Agriculture Sector	<ul style="list-style-type: none"> The number of people estimated to work in a farm: 5 people A micro-enterprise is defined as a small business employing 1-9 people (United Nations Department of Economic and Social Affairs-Report on MSMEs and the Sustainable Development Goals)
Sustainable Cities & Communities	Affordable Housing Financing	<ul style="list-style-type: none"> Average household size in Indonesia as of 2019: 3.9 people (BPS-Statistics Indonesia)

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