

Sustainability Bond Report

May 2023



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01 | Introduction

The financial sector plays a vital role in achieving global commitments such as Net Zero Emissions (NZE) and Sustainable Development Goals (SDGs). As Indonesia's largest bank and corporate lender, PT Bank Mandiri (Persero) Tbk. ("Bank Mandiri") recognizes its significant role in pioneering sustainable finance and creating environmental and social impacts.

In line with its Sustainable Finance Action Plan or Rencana Aksi Keuangan Berkelanjutan ("RAKB"), Bank Mandiri has established a business transformation plan that encompasses the aspiration to become "Indonesia's Sustainability Champion for a Better Future", which translated into three pillars of commitment "Lead Indonesia's Transition to A Low Carbon Economy", "Net Zero Emissions (NZE) on Operational by 2030", and "Catalyzing multiple growths for social impact to achieve Sustainable Development Goals (SDGs)".

To tackle the challenges and uncertainty in the future, Bank Mandiri has been responding with continuous acceleration of product and service innovations, reaffirming its dedication to prioritizing ESG principles through digital transformation. This transformation encompasses policies, strategies, and day-to-day operations, promoting environmental conservation by reducing paper usage and expanding financial services to previously excluded socially, geographically, and economically non-bankable segments. Furthermore, Bank Mandiri commits to broadening access to 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 to its RAKB and sustainability commitments, 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 (Otoritas Jasa Keuangan) 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 the 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

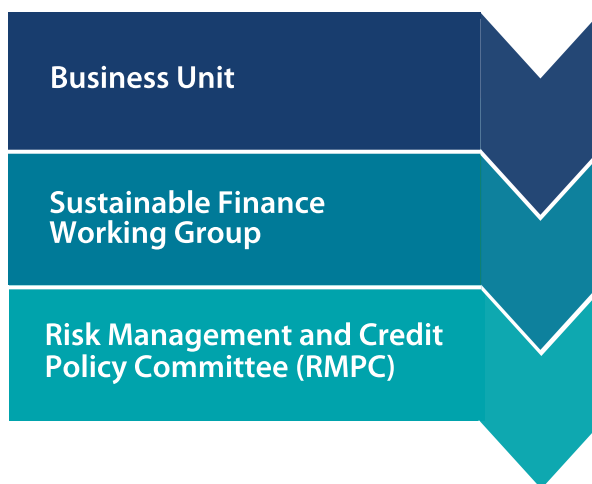
Green Eligible Sectors

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

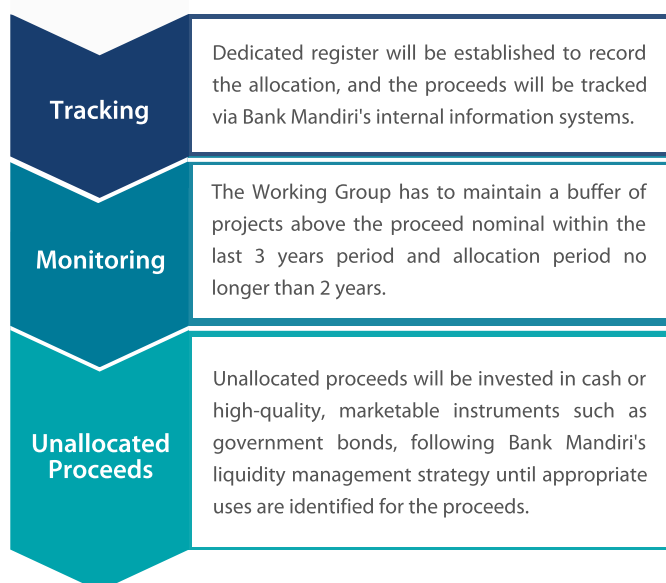
Social Eligible Sectors

- 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 unallocated 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 years. 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:

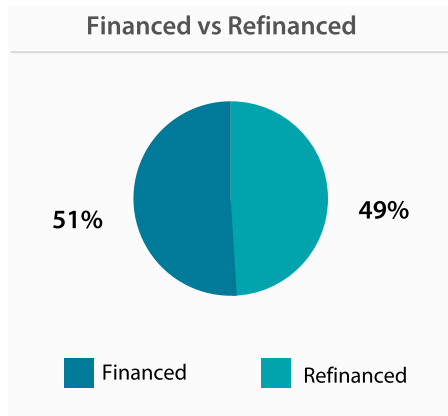
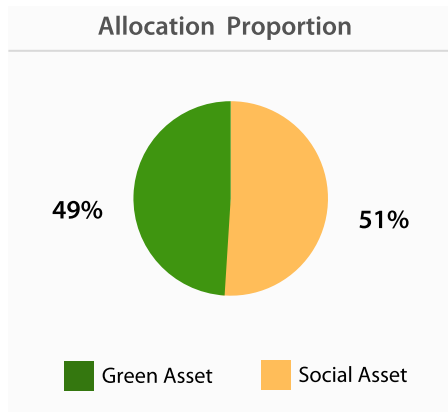
- The first Green, Social, and Sustainability (GSS) Bond issuance from Indonesia's banking sector year-to-date (YTD) 2021.
- The largest oversubscription rate amongst all issuances from Indonesia YTD 2021 and in history for Bank Mandiri at more than 8.3x (final order book).
- The lowest coupon/yield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

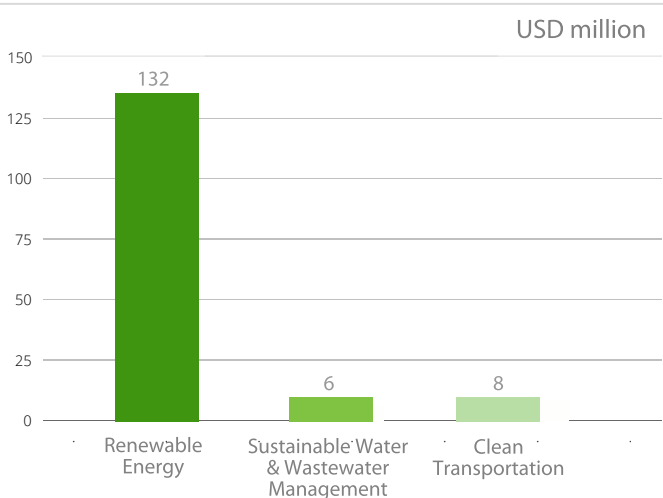
03 | Allocation Report

As of 30 December 2022, 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	Refinanced & Financed (2020, 2021, and 2022)	132 (eq. 2,058)	44%
Sustainable Water & Wastewater Management	Financed (2021)	6 (eq. 100)	2%
Clean Transportation	Financed (2022)	8 (eq. 127)	3%
Healthcare	Refinanced & Financed (2019, 2020, and 2021)	36 (eq. 549)	12%
Gender Equality	Refinanced (2019)	16 (eq. 247)	5%
Decent Work & Economic Growth	Financed & Refinanced (2021 and 2019)	47 (eq. 726)	16%
Sustainable Cities & Communities	Refinanced (2019)	55 (eq. 864)	18%
Total		300 (eq. 4,671)	100%

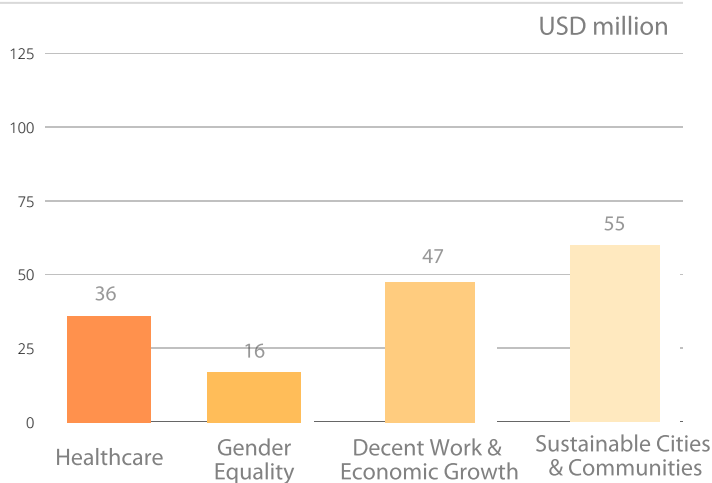


Green Category



The allocation for the green category is 49% or equivalent to USD146 million. The projects in the green category fall into three of the seven eligible sectors.

Social Category





The allocation for the social category is 51% or equivalent to USD154 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

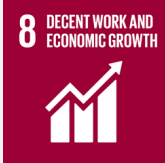
Eligible Categories	Alignment to SDGs	% of Eligible Assets	Type of Projects	Brief Description & Impact Indicators ¹
Renewable Energy	 	44%	Geothermal Power Plant	<p>Generation of energy from geothermal as renewable source:</p> <ul style="list-style-type: none"> Installed capacity: <ul style="list-style-type: none"> - Own operated: 672 MW Annual renewable energy generation from own operated plant: <ul style="list-style-type: none"> - Steam: 35,730,613 tonnes - Electricity: 4,660,477 MWh Potential annual GHG emissions reduced from own operated plant: approx. 3,508,400 tonnes of CO₂-eq per year Potential homes to be served from own operated plant: approx. 744,600 homes
			Hydro Power Plant Project #1	<p>Generation of energy from water power as renewable source:</p> <ul style="list-style-type: none"> Installed capacity: 3 x 6 MW (18 MW) Annual renewable energy generation from power plant: 125,000 MWh Potential annual GHG emissions reduced from power plant: approx. 100,625 tonnes CO₂-eq per year Potential homes to be served from power plant: approx. 29,405 homes
			Hydro Power Plant Project #2	<p>Generation of energy from water power as renewable source:</p> <ul style="list-style-type: none"> Installed capacity: 6 MW Annual renewable energy generation from power plant: 40,834 MWh Potential annual GHG emissions reduced from power plant: approx. 19,478 tonnes CO₂-eq per year Potential homes to be served from power plant: approx. 9,606 homes

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

<p>Sustainable Water & Wastewater Management</p>	 	<p>2%</p>	<p>Sewerage Piping System</p>	<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
<p>Clean Transportation</p>		<p>3%</p>	<p>Electric Buses Financing</p>	<p>Financing the procurement of electric buses as part of public mass transportation system to support the Government of Indonesia's goal of reducing GHG emissions by accelerating the Battery Electric Vehicle (BEV) implementation in Indonesia:</p> <ul style="list-style-type: none"> • The number of clean vehicles deployed: 27 vehicles • The number of passengers: 1,620 passengers/day • Potential annual GHG emissions reduced from electric buses operation: approx. 149,077 tonnes CO₂-eq per year

Social Categories

Eligible Categories	Alignment to SDGs	% of Eligible Assets	Type of Projects	Brief Description & Impact Indicators
<p>Healthcare</p>		<p>12%</p>	<p>Build and Upgrade Hospitals</p>	<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
<p>Gender Equality</p>		<p>5%</p>	<p>Women-owned microfinancing</p>	<p>Financing to women micro-businesses in rural areas:</p> <ul style="list-style-type: none"> • The number of loans to women-owned micro-businesses: 78,540 loans • Estimated number of people employed from the financed micro-businesses: approx. 157,080 people

Decent Work & Economic Growth		16%	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-businesses financed: 7,535 businesses Estimated number of people employed from the financed micro-businesses: approx. 37,675 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: 4,321 businesses Estimated number of people employed from the financed SMEs or micro-businesses: approx. 21,605 people
Sustainable Cities & Communities		18%	Affordable Housing Financing	<p>Subsidized housing financing for low-income communities:</p> <ul style="list-style-type: none"> The number of supported affordable housing units financed: 8,722 units The number of individuals/families benefiting from subsidized housing: approx. 26,166 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.

Bank Mandiri has committed to ESG implementation by developing financing products such as Sustainable Linked Loans and Green Loans. This effort has shown that Bank Mandiri encourages customers to carry out ESG principles and support the business transition into sustainable practices. Regarding operational activities, Bank Mandiri has established solar panels as a renewable energy source for several of Bank Mandiri's offices and continues to fulfill green building concepts in constructing or renovating Bank Mandiri's offices.

In comparison to Bank Mandiri's Sustainability Bond Report 2022, the green category assets composition in the 2023 Report increases from 46% to 49% due to the expansion in Renewable Energy project. As one of the key players on the global stage, Indonesia has rich in energy transition mineral reserves and high renewable energy potential. The government has also formulated concrete plans to decarbonize based on emission profile. One of the plans is to decrease coal dependency by building renewable energy sources. Bank Mandiri, Indonesia's largest commercial and state-owned bank, is keen to expand its lending to renewable energy and energy efficiency projects to support this plan.

As part of our commitment to contribute more to sustainable economic growth and to provide the accountability of Sustainability Bonds issued, Bank Mandiri will continuously improve the tracking and monitoring mechanisms to ensure the use of proceeds' transparency and the annual report's credibility. Lastly, to assure 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 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) CO₂ emission factor of Sumatera interconnection system: 0.805 tCO₂e/MWh CO₂ emission factor for hydro power plant: 0 tCO₂e/MWh (Alimuddin, et al. 2019. Analysis of CO₂ Emissions from Geothermal Power Plant Ulubelu and Its Contribution to Development of Electricity Generators in Lampung Province. Journal of Natural Resources and Environmental Management, 9(2), 287-304)
	Hydro Power Plant	
Sustainable Water & Wastewater Management	Sewerage Piping System	<p>Approximation for domestic wastewater discharge:</p> <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 (Indonesian National Standard for Clean Water, 2000)

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) 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	
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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