

# PT Bank Mandiri (Persero) Tbk.

**Type of Engagement:** Annual Review

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## Introduction

In April 2021, PT Bank Mandiri (Persero) Tbk. (“Bank Mandiri”) issued a Sustainability Bond to finance or refinance projects aimed at promoting sustainable development in Indonesia. In 2023, Bank Mandiri engaged Sustainalytics to review the projects financed with proceeds from the Sustainability Bond (the “Nominated Projects”) and provide an assessment as to whether the Nominated Projects met the use of proceeds criteria and the reporting commitments outlined in the Bank Mandiri Sustainability Bond Framework (the “Framework”).<sup>1</sup> Sustainalytics provided a Second-Party Opinion on the Framework in March 2021.<sup>2</sup> This is Sustainalytics’ third annual review of allocation and reporting of the instruments issued under the Framework, following a previous review in May 2023<sup>3</sup> and April 2022.<sup>4</sup>

## Evaluation Criteria

Sustainalytics evaluated the Nominated Projects based on whether the projects, programmes and companies financed:

1. Met the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPIs) for each use of proceeds category defined in the Framework.

**Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs**

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
<b>Renewable Energy</b>	<ol style="list-style-type: none"> <li>Generation of energy from renewable sources. The criteria for renewable energy sources include wind, solar, small scale mini-hydro, biomass (forestry and agricultural residue) and geothermal.</li> <li>Manufacture components of renewable energy technology.</li> <li>Transmission and distribution projects when connecting to defined renewable energy assets.</li> </ol>	<ol style="list-style-type: none"> <li>Installed capacity MW.</li> <li>Expected annual generation MWh.</li> <li>Estimated annual Greenhouse Gas (GHG) emissions avoided.</li> <li>Number of households benefitting from affordable and clean energy.</li> <li>Transmission lines miles.</li> </ol>
<b>Sustainable Water &amp; Wastewater Management</b>	<ol style="list-style-type: none"> <li>Installation or upgrade of infrastructure for clean and/or drinking water.</li> </ol>	Sustainalytics notes that the KPI for these categories were not included in

<sup>1</sup> Bank Mandiri, “Sustainability Bond Framework”, (2021), at: <https://www.bankmandiri.co.id/documents/38265486/0/Sustainability+Framework+-+Sustainability+Bond+Bank+Mandiri+2021+%281%29.pdf/678e9097-a5d1-29a1-4b22-ba696879c195?t=1618282319659>

<sup>2</sup> Sustainalytics, “Second-Party Opinion, Bank Mandiri”, (2021), at:

<https://www.bankmandiri.co.id/documents/38265486/0/Bank+Mandiri+Sustainability+Bond+Framework+-+Second+Party+Opinion.pdf/c401cc49-909a-e056-d0a5-ec1f9dc1086f?t=1617856113022>

<sup>3</sup> Bank Mandiri, “Sustainability Bond Annual Review”, (2023), at:

[https://www.bankmandiri.co.id/documents/38265486/0/Bank\\_Mandiri\\_Sustainability\\_Bond\\_Report\\_2023\\_Second\\_Party\\_Opinion.pdf/f596981c-a8a7-d220-4056-d1c51dab0b8c?t=1690184289867](https://www.bankmandiri.co.id/documents/38265486/0/Bank_Mandiri_Sustainability_Bond_Report_2023_Second_Party_Opinion.pdf/f596981c-a8a7-d220-4056-d1c51dab0b8c?t=1690184289867)

<sup>4</sup> Bank Mandiri, “Sustainability Bond Annual Review”, (2022), at:

<https://www.bankmandiri.co.id/documents/38265486/0/Bank+Mandiri+Sustainability+Bond+Report+2022+-+Second+Party+Opinion.pdf/b59dc934-8aec-c076-3c10-d59705271ce5?t=1650521754014>

	<ul style="list-style-type: none"> <li>ii. Water recycling or wastewater treatment facilities.</li> <li>iii. Flooding mitigation system.</li> </ul>	<p>the Framework. However, Bank Mandiri reported on the following KPIs:</p> <ul style="list-style-type: none"> <li>i. Annual amount of wastewater transported for treatment.</li> <li>ii. Number of sewer house connections.</li> <li>iii. Potential number of people/houses served.</li> </ul>
<b>Clean Transportation</b>	<ul style="list-style-type: none"> <li>i. Public mass transportation system which contributes to reducing the circulation of cars and reduction of harmful emissions (including electric rail, and non-motorized multi modal transportation).</li> <li>ii. Electric vehicles (including spare parts) manufactures.</li> <li>iii. Infrastructure for clean energy vehicles.</li> </ul>	<p>Sustainalytics notes that the KPI for these categories were not included in the Framework. However, Bank Mandiri reported on the following KPIs:</p> <ul style="list-style-type: none"> <li>i. Clean vehicles deployed.</li> <li>ii. Number of passengers per day served.</li> <li>iii. Estimated annual GHG emissions reductions.</li> </ul>
<b>Healthcare</b>	<ul style="list-style-type: none"> <li>i. Hospitals</li> <li>ii. Medical equipment and related technologies.</li> </ul>	<ul style="list-style-type: none"> <li>i. Number of hospital and other healthcare facilities built/upgraded.</li> <li>ii. Number of beds.</li> <li>iii. Number of residents benefitting from healthcare.</li> </ul>
<b>Gender Equality</b>	<ul style="list-style-type: none"> <li>i. Socioeconomic advancement and empowerment for both genders.</li> </ul>	<p>Sustainalytics notes that the KPI for these categories were not included in the Framework. However, Bank Mandiri reported on the following KPIs:</p> <ul style="list-style-type: none"> <li>i. Number of loans to women-owned micro-businesses.</li> <li>ii. Number of people employed from the financed micro-businesses.</li> </ul>
<b>Decent Work and Economic Growth</b>	<ul style="list-style-type: none"> <li>iii. Employment generation through SME financing and micro financing.</li> <li>iv. Access to banking and financial services in underserved populations.</li> <li>v. Financial literacy.</li> </ul>	<ul style="list-style-type: none"> <li>i. Number of SMEs financed.</li> <li>ii. Estimation of the number of employees of the financed SMEs.</li> </ul>
<b>Sustainable Cities and Communities</b>	<ul style="list-style-type: none"> <li>i. Affordable housing or housing loans for low-income communities.</li> </ul>	<ul style="list-style-type: none"> <li>i. Number of passengers.</li> <li>ii. Estimated GHG emissions reduced or avoided.</li> <li>iii. Length of low carbon tracks build.</li> <li>iv. Number of electric/hybrid/low-emissions vehicles provided.</li> <li>v. Number of supported affordable housing units financed.</li> </ul>

## Issuer's Responsibility

Bank Mandiri is responsible for providing accurate information and documentation relating to the details of the funded projects, including description of projects, amounts allocated and project impact.

## Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from the Sustainability Bond. The work undertaken as part of this engagement included collection of documentation from Bank Mandiri and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by Bank Mandiri. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Bank Mandiri.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

## Conclusion

Based on the limited assurance procedures conducted,<sup>5</sup> nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Nominated Projects do not conform with the use of proceeds criteria and reporting commitments in the Framework. Bank Mandiri has disclosed to Sustainalytics that the proceeds from the Sustainability Bond were fully allocated as of October 2023.

## Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
<b>Use of Proceeds Criteria</b>	Verification of the Nominated Projects to determine alignment with the use of proceeds criteria outlined in the Framework.	All projects reviewed complied with the use of proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of the Nominated Projects to determine if impact was reported in line with the KPIs outlined in the Framework.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

<sup>5</sup> Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, their estimated and realized costs and impact, as provided by the issuing entity, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

## Appendix

Bank Mandiri issued a Sustainability Bond in April 2021 and raised IDR 4,766 trillion. As of October 2023, 100% of the proceeds were allocated to finance or refinance the Nominated Projects.

**Table 3: 2021 Issuance Allocation**

Use of Proceeds Category	Project Type	Financing or Refinancing	Net Proceeds Allocation (IDR millions) <sup>6</sup>
<b>Renewable Energy</b>	Hydro Power Plant (#RE1)	Financing	330,996.015
	Hydro Power Plant (#RE2)	Refinancing	595,281.965
	Hydro Power Plant (#RE3)	Refinancing	413,956.014
	Hydro Power Plant (#RE4)	Financing	45,000.000
	Hydro Power Plant (#RE5)	Financing	91,463.548
	Geothermal Power Plant (#RE6) <sup>7</sup>	Financing	250,000.000
	Solar Power Plant (#RE7)		
<b>Sustainable Water &amp; Wastewater Management</b>	Sewerage Piping System	Financing	99,999.997
<b>Clean Transportation</b>	Electric Buses Financing (#CT1)	Financing	207,000.000
	Electric Rail Train Carriage Financing (#CT2)	Financing	150,405.540
<b>Healthcare</b>	Build and Upgrade Hospitals	Refinance and Financing	566,173.127
<b>Gender Equality</b>	Women-owned Microfinancing	Refinance and Financing	283,090.000
<b>Decent Work &amp; Economic Growth</b>	Micro, Small, and Medium Enterprise (MSME) Financing-Kredit Usaha Rakyat (KUR) in Agriculture Sector	Refinance and Financing	626,308.883
<b>Sustainable Cities &amp; Communities</b>	Affordable Housing Financing	Refinance and Financing	1,105,958.280
<b>Total Proceeds Allocated</b>			<b>4,765,633.373</b>

<sup>6</sup> The conversion rate applied in this document is based on the USD/IDR exchange rate as of October 31, 2023, with a value of 15,885 Indonesian Rupiah per US Dollar.

<sup>7</sup> Bank Mandiri has confirmed to Sustainalytics that the emissions from the Geothermal power plant are below the threshold of 100gCO<sub>2</sub>/kWh.

**Table 4: 2021 Issuance Reported Impact**

Use of Proceeds Category	Project Type	Impact Reported
<b>Renewable Energy</b>	Hydro Power Plant (#RE1)	<ul style="list-style-type: none"> <li>i. Annual renewable energy produced: 115,130 MWh.</li> <li>ii. Installed capacity: 10 MW.</li> <li>iii. Annual avoided greenhouse gas (GHG) emissions: 109,374 tCO<sub>2</sub>e.</li> <li>iv. Number of potential homes to be served: 27,083.</li> </ul>
	Hydro Power Plant (#RE2)	<ul style="list-style-type: none"> <li>i. Annual renewable energy produced: 65,215 MWh.</li> <li>ii. Installed capacity: 21 MW.</li> <li>iii. Annual avoided greenhouse gas (GHG) emissions: 61,302 tCO<sub>2</sub>e.</li> <li>iv. Number of potential homes to be served: 15,341.</li> </ul>
	Hydro Power Plant (#RE3)	<ul style="list-style-type: none"> <li>i. Annual renewable energy produced: 125,000 MWh.</li> <li>ii. Installed capacity: 18 MW.</li> <li>iii. Annual avoided greenhouse gas (GHG) emissions: 100,625 tCO<sub>2</sub>e.</li> <li>iv. Number of potential homes to be served: 29,405.</li> </ul>
	Hydro Power Plant (#RE4)	<ul style="list-style-type: none"> <li>i. Annual renewable energy produced: 40,834 MWh.</li> <li>ii. Installed capacity: 6 MW.</li> <li>iii. Annual avoided greenhouse gas (GHG) emissions: 19,478 tCO<sub>2</sub>e.</li> <li>iv. Number of potential homes to be served: 9,606.</li> </ul>
	Hydro Power Plant (#RE5)	<ul style="list-style-type: none"> <li>i. Annual renewable energy produced: 51,617 MWh.</li> <li>ii. Installed capacity: 9.9 MW.</li> <li>iii. Annual avoided greenhouse gas (GHG) emissions: 48,520 tCO<sub>2</sub>e.</li> <li>iv. Number of potential homes to be served: 12,142.</li> </ul>
	Geothermal Power Plant (#RE6)	<ul style="list-style-type: none"> <li>i. Annual renewable energy produced: 247,558 MWh.</li> <li>ii. Installed capacity: 110 MW.</li> <li>iii. Annual avoided greenhouse gas (GHG) emissions: 199,804 tCO<sub>2</sub>e.</li> <li>iv. Number of potential homes to be served: 56,779.</li> </ul>
	Solar Power Plant (#RE7)	<ul style="list-style-type: none"> <li>i. Installed capacity: 600 MW.</li> </ul>
<b>Sustainable Water &amp; Wastewater Management</b>	Sewerage Piping System	<ul style="list-style-type: none"> <li>i. Annual wastewater transported to be treated: 7,600 m<sup>3</sup>/day.</li> <li>ii. Sewer houses connected: 10,000.</li> <li>iii. Potential number of people served: 51,000.</li> </ul>
<b>Clean Transportation</b>	Electric Buses Financing (#CT1)	<ul style="list-style-type: none"> <li>i. Number of clean vehicles deployed: 27.</li> <li>ii. Passenger capacity: 1,620 passengers/day.</li> </ul>

		iii. Annual GHG emissions reduced: 149,077 tCO <sub>2</sub> e.
	Electric Rail Train Carriage Financing (#CT2)	<ul style="list-style-type: none"> <li>i. Number of passengers served: 611,784 passengers/day.</li> <li>ii. Average passengers distance traveled: 34.2 km/passenger.</li> <li>iii. Annual GHG emissions reduced: 96,690 tCO<sub>2</sub>e.</li> </ul>
<b>Healthcare</b>	Build and Upgrade Hospitals	<ul style="list-style-type: none"> <li>i. Number of hospitals built: 16.</li> <li>ii. Number of beds available: 2,268.</li> <li>iii. Potential number of residents benefiting from healthcare: 1,620,000.</li> </ul>
<b>Gender Equality</b>	Women-owned Microfinancing	<ul style="list-style-type: none"> <li>i. Number of loans to women-owned micro-businesses: 112,992.</li> <li>ii. Number of people employed from the financed micro-businesses: 225,984.</li> </ul>
<b>Decent Work &amp; Economic Growth</b>	Micro, Small, and Medium Enterprise (MSME) Financing- Kredit Usaha Rakyat (KUR) in Agriculture Sector	<ul style="list-style-type: none"> <li>i. Number MSMEs financed: 7,829 businesses.</li> <li>ii. Number of people employed from the financed SMEs or micro-businesses: 39,145.</li> </ul>
<b>Sustainable Cities &amp; Communities</b>	Affordable Housing Financing	<ul style="list-style-type: none"> <li>i. Number of supported affordable housing units financed: 11,084.</li> <li>ii. Number of individuals/families benefiting from subsidized housing: 33,252.</li> </ul>

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